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The New Era Series

(VOLUME FOUR)

AFTER THE PEACE



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AFTER THE PEACE

BY

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INTRODUCTION.

Can Capitalism Feed Europe?

Is the capitalist system breaking down as a method of production? The question may sound to most readers absurd, and when it is put in its concrete form, it may appear more absurd still. Are we nearing a point, within a few years, when it will be generally evident that, under the capitalist system, we can no longer obtain the food, fuel, clothes and houses necessary to maintain the dense populations of Europe at a civilised level of comfort and well-being? In Central Europe, in Italy and in Russia all intelligent men and women have been forced, by the dire experience of privation, to put this question, and to answer it according to their lights. In this country, though we are alarmed by the fall in the real value of money, and know that high prices mean the scarcity of goods, our case is still so far endurable that

few of us have begun to question the ability of a society based on profit as its motive force, to provide us with our daily bread. Even to those who have seen something of the present plight of the Continent, the question may seem audacious. It is so much easier and so much less disturbing to say, what is true, that the visible decline of material civilisation on the Continent is due to a protracted war, a rigorous blockade and a bad peace. These are the immediate causes of the shortage of goods. But what if the war, the blockade and the peace are themselves the result of forces and ways of thinking inseparable from capitalist Imperialism? Perhaps in this savage war and this merciless peace our capitalist society has revealed a lack that is suicidal of the spirit of fraternity and mutual aid. Perhaps it is this moral fault which discloses itself, slightly here, but tragically on the Continent, in the shortage of bread, clothes and houses.

All of us have felt, if only in a moment of revelation, as we passed the beggar in the road or looked into the dreary dilapidation of a slum, that these broken lives and inhuman streets

condemn our whole social system. It is, or was, however, a solid structure. Whatever the saint or the poet might see in the case of the beggar, the fact was, and still is, that our capitalist society did survive acres of slums and thousands of beggars, long crises of unemployment and years of scarcity. In spite of all this, it did produce the goods. Populations survived and multiplied, and on the whole the general level of comfort and education tended to rise. It is a question of scale and degree. Can this same capitalist civilisation survive the lapse of whole nations into a slum existence? We used to speak of the "submerged tenth" among ourselves. The problem now is of the submerged half in Europe. Poverty on this scale raises the general question. As the months and years go by, with their risks of fresh wars and revolutions, can this capitalist system, which has shown itself so egoistic and so predatory, revise what it has done, reverse the working of these motives, and make of Europe once more a habitable Continent? Or will the verdict of time and experience, given not in cold blood, but amid the despairs, bereavements and nervous

instability of semi-starvation, be that capitalism, evolving as it has done on militarist and Imperialist lines, can no longer produce the goods which the millions of civilised men require?

This way of stating the question was not the usual line of approach before the war. No one had then the audacity to doubt that a capitalist society could continue a production adequate at least to the demand for a bare subsistence. There was, to be sure, some economic criticism levelled at the admitted element of waste in the competitive system. But while we were aware that capitalism is vulnerable to an economic attack, it was on the whole the moral aspect which chiefly moved us. People who never dream of questioning the system which expects us all to work for the sole end of profit, are outraged by the ugly spectacle of "profiteering."

The war brought with it in every country a revival of the primitive social instincts. We were all in danger. We felt through several years as the primeval clan or tribe must have felt in its vivid life of continual peril and collective ambition. The class struggle was

repressed, and party warfare suspended. Even at home the nation made its continual appeal to the motive of disinterested service, and that motive worked amid the drab surroundings of capitalist mass production in munition factories. In the army men were released for four years from the ordinary working of economic motives. They acted in this gigantic business of warfare as primitive peoples act in the ordinary routine of life. They acted under the spell of patriotic duty, and proved that the deepest thing in human nature is, not the competitive but the social and co-operative instinct. The average man is taught by all his pastors and masters in a capitalist society that the hope of gain, whether in the form of profits or salary, is the one effective stimulus to effort. So it is, under the present industrial system. Yet something awakened in the breasts of these millions of men, which caused them, under the spur of an instinct of social service, to face dangers and privations, which very few would endure even for unlimited gain. To many of these men, though they were not fully conscious of it, the capitalist system, with its crassly self-regarding

motives, must have seemed in some dim way irrelevant, even incongruous, when they returned to it. To spend these four years in risking life and health without thoughts of reward, for the mass of one's fellows dimly envisaged as a nation, and then to come back to serve some syndicate in the effort to extract the maximum of profit with the minimum of service from these same fellow-citizens regarded as consumers, here was a contradiction which caused many a man to feel vaguely ill at ease, even when it did not set him thinking.

However this may be, it is the motive of social service which speaks in all the more vital and constructive of our contemporary labour movements—in the Building Guild above all, and hardly less clearly in the miners' demand for the socialisation of the mines. A new way of life emerges here, something more broadly social and more constructive than the inevitably defensive attitude of the older trade unionism. The other side of these movements implies no less obviously a moral criticism of capitalism. Labour demands with growing insistence the self-governing guild or workshop. It feels the

vanity, the slightness of that narrow old-world conception of democracy, which has ended autocracy in the State only to entrench it in industry. Where a man, by the mere fact that he owns land, mines or machines, can dictate to his fellow-men the conditions of their daily lives, there is no liberty. Nor is there even the beginning of democracy, while wealth, by its ownership of the press, controls our vision of the world, and weaves the texture of men's minds, as a loom weaves cotton. The sense that we are neither free nor self-governing, the craftsman's passion to express himself in better work, the wish to substitute the motive of service for the motive of gain, and also, perhaps, that unsatisfied prophetic vision, as old as the French Revolution, which tells us that the institutions under which we live depress our growth and stunt our development—these on the whole are the motives, all of them ethical, which favour the slow growth of socialistic thinking and organisation in Great Britain. A Socialism inspired by these tendencies will be academic and idealistic. It does not feel its problem urgent. It has to admit that

capitalism does on the whole provide for most of us the elementary goods of life. It is critical, but mainly from the standpoint of a higher moral and social ideal. It is not stung by terror or need into violent action. Capitalism does on the whole deliver the goods.

The march of events may possibly bring even this comfortable country, before many years have passed, to ask the disturbing question : Can capitalism continue to produce the goods? There is some anxiety already. In the poorer middle class the standard of life has fallen since the war. There are signs among the manual workers that the motive of earning high wages no longer, for some reason, seems to be an adequate stimulus to maximum production. The pressure of taxation reveals among the employing class a phenomenon curiously resembling the policy of "ca' canny." When the Excess Profits Tax was increased, there is said to have been a rather noticeable tendency to cancel orders. The State, by this limitation of profits, seems to have impaired the working of the profit-making motive. And yet the State has not begun to face the problem of paying off

the war debt. So far from reducing, it adds to it. What would happen if the effort were really made in earnest? Every one of our late Allies is confronted by this dilemma, and shirks it. To go on with the present debts and the present expenditure means, not perhaps for us, but for every other people, literal bankruptcy. To tax adequately on the other hand, might rob this capitalist society of the only motive for industry to which it is trained to respond—the expectation of high profits. It is possible that experience, even in these islands, may one day confront us with the fundamental problem of finding, if our civilisation is to survive, an alternative to capitalist production.

What, if a victorious capitalist society had been capable of thought for the common good, would have been its policy at the end of the war? The fact which overshadowed all others in the world was the stoppage of production, the immeasurable injury to all the means of production, the dearth of goods, and all that this means in misery, starvation, ill-health and mental disturbance. A bureau of statisticians in Denmark has estimated the loss of lives due

to the war at about 40,000,000. The reckoning includes, of course, with the slain, the excess of deaths over the normal mortality among the civilian population and the decrease in births. The war, in short, had wiped out in Europe a population equal to that of France. There was the first and most grievous source of loss. The devastation was, if not the worst, certainly the most arresting aspect of the whole ghastly panorama. But more alarming by far than the devastation was the fact that the entire industry of Central Europe, owing to the blockade, stood idle for want of raw materials. Everything was short, from food to clothes, from cattle to locomotives. There were whole regions, bigger than the British Isles, notably that Russo-Polish borderland, which the Grand Duke Nicholas gutted in his retreat, from which every trace of civilisation had disappeared. If the minds of our statesmen could have shed the artificial thinking of the war, they would have seen their problem in terms of goods. To talk of making democracy secure was the rhetoric of a man thinking amid American plenty. What democracy wanted then, wants still, and will want

for years to come, is bread and sugar and butter, plain warm clothes, medicines and soap, ploughs and lorries and locomotives, coal and cotton and iron. The problem of problems was to supply these things, to stimulate and organise their mass-production. The Allied Governments had faced a similar problem during the war, when they organised the mass-production of shells. The problem of peace was to organise the production of necessary things as promptly, and on an even larger world-wide scale. In November 1918 this could have been done, for the victors had unlimited authority and prestige. Examine what in fact they did, and one might suppose that their conscious aim had been to aggravate and perpetuate the shortage. Instead of turning the war-time control of industry to this beneficent purpose, they abolished first the international and then the national controls of industry, shipping, and raw materials. Instead of turning all the metal industries to the making of locomotives, lorries and productive machinery, they allowed them to revert to the making of luxuries. More incredible still, they prolonged the blockade of Central Europe for nine months,

and tightened it (save only in the supply of food-stuffs), as it never had been tightened during the war. What was Germany? An enemy, if you will, a sinner, if you must talk morals. But Germany was also by far the most productive portion of the Continent. A far-sighted, internationally-minded dictator would have acted in precisely the reverse way. He would have poured raw materials and fertilisers into every German port. He would not merely have permitted—he would have insisted—that every lathe, every forge, every loom in Germany, should work to its fullest capacity. He would have spared nothing in credits to set the process of manufacture going. As for Russia, one need not pause to say that he would have avoided the lunacy of our inglorious expeditions and our subsidised civil war. He would have inquired what were Moscow's terms to resume the production and export of grain, timber, flax and oil. So far from setting barriers between the idle factory in Berlin and the hoarded grain of South Russia, he would have ordered Berlin, on pain of a victor's displeasure, to make locomotives for Moscow in exchange for Russian

wheat. If this hard work had interrupted the diplomacy and the elections, the map-drawing and the reckoning of indemnities, the delay would not have irked him. One does not save civilisation by drawing maps. One saves it by food and fuel, by the work which restores sanity to the artisan, hope to the mother, and health to the child.

The follies of this first winter of half-peace produced their instant effects. While the Allies were still debating the first of their series of Treaties, the blockade and famine brought about successful, if short-lived, communist revolutions in Hungary and Bavaria, not to mention momentary attempts, serious enough to be symptomatic, in many German towns. This warning taught nothing to Paris. It elaborated a peace which seemed designed to perpetuate the economic death of half a Continent. One may sum up the Treaty of Versailles in a sentence. It robbed Germany at once of the means of production, and of the motive for production. While this Treaty stands unrevised, there can be no resumption, save on the puniest scale, of the activity which, in the generation before the war, had made Germany the workshop of the Con-

tinent. But Germany, the reader objects, was an enemy, a disturber of the peace, the practitioner of an especially virulent form of militarism. Grant the moral case against her. We are talking economics. Her ruin is the biggest factor in the world-shortage, as the exclusion of Russia from the European grain-market is the second.

In these two achievements, the laming of German industry and the pushing of Russia outside the European system of trade, our victorious capitalist society showed a lack of the elementary social instinct of self-preservation. It worked against life, against creation, against production. It organised famine and produced death. It showed in its exercise of patronage a total disregard for the interests of world-production. It crushed the most productive people, forgetting that production carried to the high level attained in Central Europe can be the fruit only of generations of education, science and organisation. It showered its favours on Poles, Roumanians and Jugo-Slavs, primitive unschooled races, not indeed without their own charm and emotional genius, who never, even

after generations of experience, are likely to replace the Germans as industrial or intellectual workers.

The reader may grant, perhaps, that this rough statement answers to the facts. A combination of circumstances, the war itself, its undue prolongation, the inevitable working of the blockade, the natural prejudice against the violent Russian revolution, the personal failings of statesmen, the passing emotional exaltation of war-time—all these things have deflected us, in many large matters, from the path which cool reason would have dictated; but why blame the capitalist system? It is always easy to dwell on the accidents of history until the meaning of its processes is obscured. If the Kaiser's romantic vanity had been proof against the promptings of his military clique, or if the Tsar had had the intelligence to deal with those generals who on their own confession "lied" to him about the Russian general mobilisation, we might have escaped the war. If Mr Lloyd George could have resisted the temptation to make a khaki election, or if Mr Wilson had been less of a moralist and more of an economist, we

might have had a tolerable peace. On a broad view, however, can any one doubt that the war itself was a crisis conditioned, nay, created, by the whole course of our capitalistic development? These vast modern industries, whether in Lancashire or Westphalia, produced year by year their immense surplus of profits. This rapidly accumulated capital was exported every year to primitive countries, where labour is cheap, factory laws non-existent, and native governments weak, pliable and corruptible. Behind this exportation, bargaining to secure for each national group the opportunities which it coveted abroad in concessions, loans, and monopolised spheres of economic interest, stood the Great Powers. They strove by their unending competition in armaments, each to make a Balance of Power favourable to itself. For what was power desired? Power meant the ability to secure footholds overseas where there are railways to build, coolies to exploit, and raw materials to monopolise. In a world that lives and trades and thinks within the capitalist system, every war will be a capitalist war. One may dispute over its immediate occasion, assess

the personal responsibilities, refine upon the idealistic aims which doubting, horrified, war-weary nations were taught to entertain, and did in our case unquestionably cherish with entire sincerity in the earlier years of the war. The fact remains, that every big war is primarily a test of strength, in which the world's balance of power is adjusted for years or decades to come. If you would judge the true character of a man, watch him when fortune has put power into his hands. If you would measure the morals of a society, scrutinise it in the moment of conscious omnipotence. If you would know what a war was about, study the terms of peace.

We know, more or less, what sort of terms the enemy would have imposed, had he won the war. The Treaty of Brest-Litovsk was a specimen. The proposal to take in whole or part the mineral resources of Belgium and Northern France shed a ray of light upon motives. The hand and brain of this German capitalist society worked with a certain brutal frankness. Turn to the Treaty of Versailles and its sequels, and the same thinking, half-strategic, half-economic, is no less legible. Here coal-fields, there oil-

fields, elsewhere great tropical estates are appropriated : whole chapters rob the industry of the vanquished of its tools, its ships, its raw materials, its iron, its coal. Other chapters stamp out the agencies and the rights on which its foreign trade had depended : the "penetration" of German capital outside German territory is ended once for all, and the "penetration" of Allied capital imposed, organised and legalised in its place. A responsible Liberal Minister blurted out in Parliament, midway in the war, the truth that our war-aim was that German trade should never again "raise its head." That intention is written all over these Treaties. The capitalistic motive is revealed not merely in the fact that in trade and territory we took much for ourselves. It was revealed even more clearly in the elaborate measures which we adopted to ruin our chief competitor.

We have now come to the kernel of our problem. We started by asking whether capitalism could continue to produce the necessary goods on a scale adequate to ensure modest comfort to dense populations. We have seen that under the pressure of the competitive

motive, the victorious Allies lamed, if they did not quite ruin, the productive capacity of Central Europe. Is there really any anomaly in such a phenomenon? There is none. The aim of capitalist industry is not maximum production, but maximum profit. Sometimes the two may coincide. Often they clash. Brazil, for example, has an organised system, regulated by law, by which part of the coffee crop is destroyed every year if it exceeds a fixed level, in order to prevent a fall in prices. The logic of tariffs is based on the same reasoning. Capitalism does not aim primarily at the abundance of cheap goods. It aims at high profits and great accumulations. A shortage may serve it better than plenty, and its history is full of cases in which trusts and rings have organised a shortage and thriven on it. When the Allies ruined, or at least paralysed, German industry, they were acting in the spirit of such a ring. For a time, and for limited groups of capitalist producers, these tactics may mean immeasurable gains. To the whole body of consumers in the world, and even to the consumers in Allied countries, this policy was treason. It was an irrational, uneconomic

policy from the standpoint of the general good. It is intelligible only on the assumption that on the whole, and subject to many checks and concessions, the trade policy of a capitalist state is based, not on the general good, but on the interest of the ruling capitalist class. Never in the world's history has the demonstration of this suspicion been carried through on so vast a scale. Never before has the shortage of goods, produced by deliberate political *sabotage*, confronted us with the question—"Can capitalism continue to supply the world's needs?"

It is no passing phase that we are considering. The world did indeed know, in the middle years of last century, a phase of capitalism which was comparatively free from these evils. The Manchester School sought peace, and combated the belief that the ruin of its neighbours is of advantage to a nation. It was the fated march of economic Imperialism in all countries which led to this war and this peace. It was an inevitable development of the capitalist system, and it brings with it its shadow, militarism. In this peace they have perpetuated themselves. On this basis we can never escape the dominion

of force. Those whom we have wronged will scheme how to use force against us. We shall never dare to allow Germany to recover her industrial prosperity, because she would infallibly use it, sooner or later, to disrupt our system of fetters and handicaps, to rewrite these Treaties, to shatter our ascendancy. We may under stress of the dire need of bread patch up a commercial truce with Russia, but here again, the fears which must endure while we possess the balance of force will forbid Russia also to acquiesce in our system for the government of the world. In this condition of danger, wrong, resentment and fear the world cannot evolve a system which should aim at maximum production and general prosperity. Capitalism has no such principle of solidarity and fraternity.

The future is dark. We can see that the continued pursuit of policies, which are inimical to creation, to production, to life itself, may in the end doom the capitalist system. It does not follow that an alternative system is capable of realising itself. The evolutionary strategy of British Guild Socialism offers its high hopes, but years and decades must pass before it could so

completely replace capitalist industry as to transform the motives and aims of our international policy. The revolutionary strategy of Russian communism leads in its first struggles to shock, disorganisation, the decline of production and the lowering of standards. The hostility of the capitalist world has seen to it that this gigantic social experiment shall not be tested under favourable conditions. Whether it can succeed by its own principles of co-operative production, in vieing with capitalistic production, remains as yet a theoretical possibility and nothing more. The fact that confronts us is world-shortage, the dwindling of populations, the decay of industries, the twilight of civilisation.

CHAPTER I.

The Politics of Babel.

Diplomatic Conferences have rarely in European history done their work in a revolutionary temper. They have tended rather to patch and mend, in a spirit of conservatism. The main business of the Congress of Vienna was to undo the catastrophic changes of the Napoleonic era. For twenty years before it met, French armies had obliterated frontiers in their stride, and tossed crowns upon their bayonets. At Vienna the victorious monarchs decreed a return to the pre-revolutionary age. Even the Congress of Berlin did much to minimise the results of the Russo-Turkish war. For the first time, in the Peace Conference at Paris, Great Powers acted in a radical spirit. To call the work done at Paris revolutionary, might be to flatter the architects of the new Europe. The ideas which guided them were neither novel nor large. No new philosophy of life or politics has shaped the

details of these Treaties. To the doctrine of internationalism, our statesmen did indeed make their submission. Having recognised it, they buried it in a species of preface. Between the Covenant of the League of Nations and the Treaties themselves, there is only this relationship, that both are bound in the same volume. The ideas which have shaped these Treaties are those of the old world which shattered itself in the war. It is not the unbending logic of the idealist which has made this sweeping settlement. Fear and ambition, and not the dynamite of new doctrine, have wrought these catastrophic changes.

The effect, none the less, baffles the spectator's imagination. This settlement has transformed the daily outlook, the habitual scene for hundreds of millions of human beings. A dozen new independent States have sprung into life on the ruins of shattered Empires. Those are rulers who were rebels : Monarchy survives only on the fringes of the Continent. The imperial governing races of Austria and Hungary, accustomed to play their part in the high politics of a Continent, enjoy to-day less than the status of the smaller neutrals. What was the ruling caste in Bohemia, Posen and Transylvania, is now the

subject race, fain to cling to the protection of a Charter which its late enemies have framed for it. The Hapsburg Empire is a memory, while the Turks, on a fragment of their former territory, must bow to the permanent control of Christian Powers. Poland and Greece, inflated into minor Empires by the favour of the victors, take a precarious rank among the secondary Powers.

To these external changes, there corresponds a profound alteration in men's minds. Millions of men of the German race who had for fifty years grown accustomed to the idea that their energy, their science, their gift of organisation had made them a leading power in the world and the first power upon the Continent, are beaten to-day into the acceptance of passivity. The fact is not merely that their power is shrunken, as the power of France shrank after 1870. They are incapable of action in any direction, and they know that for a generation their lot is to obey. The hammer has become the anvil. It is difficult, even if one allows one's imagination to play upon this theme, to realise the mental disturbance which this downfall involves in the life of the average middle-class German. He has lost the ambitions which

gave to existence a great part of its meaning, and with them has gone in some measure his personal self-respect, for all the world over the average man derives much of his self-confidence from his pride in the society to which he belongs. A defeat so catastrophic, an abasement so deep as this, shatters not merely the power of the State, but the conventions and the social morality of its members. The German bureaucracy is less confident and less assertive than it was, but it is also much less honest. Its pride is humbled, but with its pride, its former high standard of duty has been lowered.

The Economic Decline.

Large as are the political changes which date from the victory of the Allies, they are trivial in comparison with the economic transformation. Germany has lost all but a fraction of her mercantile marine, and three-fourths of her iron ore, while her coal supply has dwindled to the half of what it was before the war. The problem of the immediate future is not whether Germany can recover any part of her world-power, but whether she can contrive to feed her present population. Desperate as her case might

seem, if it were isolated, it is almost enviable in comparison with that of German Austria. In Vienna, where the deaths month by month are sometimes double the births, a great city, with a singularly gracious and fruitful civilisation, is literally dying out under our eyes.*

But, indeed, the scene which presents itself to the inquirer, from the Rhine to the Volga, varies

* Thus the vital statistics of Vienna gave for February 1920 a mortality in round figures of 4000 against 1800 births. Mr A. G. Gardiner, in one of his moving and persuasive articles in the *Daily News*, has given figures which show that this ratio of two deaths to one birth obtained throughout the first twelve weeks of 1920 (5044 births, 10,767 deaths). According to the official white paper [Economic Conditions in Central Europe (II). Miscellaneous No. 6 (1920, Cmd. 641)], the mortality from January to October 1919 was 32,288, while the births numbered 19,612. The same official report gives the main facts about the conditions which explain these vital statistics. In peace time Vienna used to consume 900,000 litres of milk daily. The average is now 30,000 litres daily. In other words, Vienna has milk enough at the normal rate to supply its needs for exactly one day in every month. The official ration of coal, we are told, is about half a cwt. per family *per month*, and few families receive even this amount. At the end of December 1919 the official food rations were : bread, 2¾ lb. ; flour, 9 oz. ; fats, 4 oz. ; meat, 4 oz. per head *per week*. Sugar and potatoes are nominally rationed, but no regular distribution could be made. These rations would yield 1271 calories daily. The usual consumption of a healthy adult in full work is about 3000 calories, and the lowest number on which health can be maintained may be 2300 calories. Small wonder that, as this report states, 80 to 85 per cent. of the children up to three years of age in the working and lower middle class are suffering from rickets.

only in the shading of its sombre colours. Everywhere the war and the blockade have produced the same results. The big shaping facts are the economic facts, and these differ rather in degree than in kind. Everywhere coal is short, and with this shortage the wheels of industry slow down. Everywhere raw materials are scarce or absent. Everywhere the sinking of the currency has all but stopped the import of foreign goods. Everywhere the railways are disorganised and the rolling stock worn out. Everywhere there has been a depreciation of all the productive machinery of civilisation, animate and inanimate, animal and human. Nothing has been repaired or replaced for five strenuous years. The creaking machinery lacks oil. The traveller who knew the orderly strenuous Germany of pre-war days is aghast when he sees outside every big railway station a mortuary of locomotives, where hundreds of once valuable machines cumber the rails, rusty and useless. The fields are hungry and sterile for lack of manure. The surviving cattle are thin. The horses in the streets look like skeletons. The men and women drag themselves along listless and anæmic. The relics of a tradition of order, cleanliness and education have somewhat arrested the decay in Germany

and Austria. In Poland, which never at the best was orderly, educated or clean, the scene of ruin is even more distressing. Russia presents her special phase of the general breakdown. Revolution has introduced its own peculiar complications, but the same mortality, the same dearth of materials, the same decline in comfort, wealth and health, may be found in "red" Moscow, "white" Budapest, and colourless Vienna. Everywhere the manual worker sullenly asks himself whether his fate and that of his children will be to exist, year in, year out, on one half of the food allowance necessary for health. Everywhere the intellectual worker, from the small official to the artist and the teacher, faces the fact that his home standard of comfort has sunk below that of the organised artisans. In Germany one hears of a group of "intellectuals," including former University lecturers, who have formed a co-operative society to work a mine of brown coal with their own hands. In Austria a society of ex-officers is setting up its members as shoemakers, while a foreign charitable organisation appeals for gifts of old clothes for the professors of Vienna University, and for money to supply its students with a free breakfast. Allied Italy, though she

counts herself a victor, sends her Premier to sit on the Triumvirate which governs this chaotic world, and measures the annexations and the spheres of the influence which are her share in the gains of the war, is only a little further from bankruptcy than enemy Germany. Her expenditure is three times her revenue. To bring the loaf within the purchasing capacity of the workers, it must be subsidised, and sold at one-fifth of its real cost. Three meatless days a week are now enforced in Italy. Poland's case may be measured by the fact that the Budget presented in the autumn of 1919 showed an expenditure eight times the revenue. At first these signs of sickness were thought to be temporary, and every one looked for the amendment which the formal ratification of peace would bring with it. It does not come; it does not even begin. The decay of civilisation is a phrase easily abused. It means in this connection something quite definite—the gradual abandonment of the refinements and all the intellectual ambitions of life. In Russia two years have passed, thanks to the paper shortage, since any new scientific book was published. In Austria all the girls' secondary schools are closing for lack of funds. Everywhere in Central Europe

the fall of the exchange, which makes it impossible to purchase anything in the currencies of the West, has set up a veritable intellectual blockade. Central Europe is isolated. None but the richest of the war-profiteers can afford to travel abroad. No newspaper can keep a correspondent in the West, or pay for telegrams or contributed articles. Nor can University libraries or learned men afford to buy even scientific books abroad. Intellectual life has become bounded within national frontiers as it was never before in the history of Europe. Under the pressure of this grinding poverty, sooner or later, unless the decay is arrested, the urban civilisation of Europe will be as dead as the culture of Babylon, and there will survive only peasant communities, narrow, reactionary and clerically-minded.

A Strategical Settlement.

When one turns from this scene to the framework which the Allies constructed for it at Paris, the first impression is one of incongruity. Few admirers are left even among the victorious Allies of this fantastic and inhuman peace, but perhaps its strangest characteristic is not its

harshness, but its irrelevance. It was a peace based on a reading of the facts which had gradually shaped itself in the early months and years of the war. The power of the German war-machine had made an ineffaceable imprint on men's minds. Ludendorff's arm had been omnipotent from Finland to the Caucasus. Northern France, Belgium, Venetia, Roumania and Serbia were still counting their liberation by weeks. The Conference met, moreover, in Paris, and refreshed its memories by visits to the devastated departments. A saner peace might have been dictated had Marshal Foch actually marched into Berlin, or better still, if the Allies had revived history by meeting in a new Congress of Vienna. In Vienna, or even in Berlin, these statesmen would have realised how complete was the moral and material collapse of the enemy peoples. Many months passed before the truth was realised. No one would believe that Germany was starving, until our soldiers in the occupied zone protested that they could bear the sight of it no longer. Fabricated tales were still circulated of the flood of exports which German industry had ready to "dump" upon our market. Mr Lloyd George, promising the Electorate an indemnity of 24,000 millions sterling, may

possibly have deceived himself as well as the voters. Above all, no one could grasp the fact that the military machine was really broken. We seem to have had no conception of the terrific efficacy of our own blockade, and it was presumably because we dreaded either a revival of the enemy's military power, or else a too sudden revival of his competitive economic energy, that we continued this blockade for nine superfluous months, after the Germans had signed an armistice which rendered any further resistance impossible. When history surveys the crimes of both sides in the war, it will brand this continuance of the blockade as the most brutal and the least excusable of them all.

In point of fact Germany was, during these months of suspense, adapting herself with marvellous docility to the prospect of that Wilsonian peace which had been promised her. The zest in arms was long ago extinct. Other armies were demobilised: this army melted away. In Poland, when the hour of collapse arrived, the German garrison tamely allowed itself to be disarmed by the boys of Pilsudski's secret Socialist army, who had hardly a rifle among them. Some even trampled on their iron crosses, as they surrendered their weapons. Nowhere in

the world did the entire working class gasp out its "never again" more fervently. The press of Germany teemed with articles in favour of the League of Nations. She clung to it as her one rock of salvation. As for Austria, the pacifism of a Quaker Meeting is halting and half-hearted compared with the furious hatred of war and arms, of violence and violent men, which swept over the whole class of manual and intellectual workers. Of bitterness towards the victors there was as yet no trace. In that formative hour of defeat, the mass-mind of Central Europe was set determinedly towards peace and reconciliation, and had the Allies drafted a settlement, honestly based upon the Fourteen Points, which looked to the future and sought to continue a new world free from the domination of force, they would have found that the moral preparation for the change had gone further in Central Europe than in any other quarter of the world.

In fact, the Allies drafted a peace which looked only to the past. In every clause one can hear the accents of a vengeful fear. This peace would have been explicable had it been imposed on the Germany of 1914—a Germany still penetrated with militarism, still venerating

its "War Lord," contemptuous of democracy, unbroken in spirit, organised for war, and teeming with unsquandered wealth. It was the Germany of 1914 that the Allies had in mind—they had seen no other. Applied to the Germany of 1919, half-starved, pitiably tame, equipped with her new Republican forms, governed by a semi-Socialist Government, and so poor that she barely retained the decencies of life, it was at once cruel and ridiculous. In part, a sincere dread of German militarism survived and animated the Treaty. In part, it must be ascribed to the ambition of the French, that their own restored military ascendancy should dominate the Continent. In some degree, since the French were bent on the ruin of Germany, they were shrewd enough to reckon that the passion of revenge would sooner or later assert itself among the conquered. The provocations of militarism are not always the result of unreflecting greed and vainglory. Militarism needs a danger. It can impose its own caste discipline at home only if there is a peril across the frontier to which it can always point. There is little doubt that Bismarck consciously exploited the question of Alsace in this spirit. He rejected a policy of conciliation,

because a disaffected Alsace and a vengeful France were arguments which he could always use in order to resist democracy and pacifism in Germany. The same calculations may have influenced some of those who devised the peace of Versailles. It made a danger, and skilfully diffused that danger over the whole map of Europe, in order to create a permanent league under French leadership. To each of the minor Allies, from Belgium to Roumania, something was given, which must keep alive against her the enmity of the vanquished, and force her to rely on the major Allies for protection. The small nation which commits a wrong against its neighbour forfeits in that hour its independence. It must rely on stronger Powers to ensure to it the enjoyment of its gains. Strategy, accordingly, has competed with the ordinary economic motives of Imperialism for the first place as the shaping force of these Treaties. German militarism was smitten to the ground, partly by physical exhaustion and partly by the moral revulsion that its own excessive discipline had brought about. In the Treaties the Allies, legislating under the spur of memory, laboriously proceeded once more to slay the slain.

Many chapters of these Treaties tell their

own tale. The strategical motive is sufficiently apparent in the clauses which dictate the one-sided disarmament of the enemy, provide for the neutralisation and occupation of the Rhine provinces, and forbid for all time the revival of a German navy or air-force. It is, of course, the failure to impose any parallel measure of disarmament on other States, and the extreme improbability that this omission will afterwards be corrected, which stamps these provisions as articles of enslavement. Nor need one waste space in pointing out, what is frankly admitted, that strategy alone explains the gift to Italy of the purely German South Tyrol. Strategy also and not nationalism is the basis of the Italian claim to dominate the Eastern shore of the Adriatic. A careful study of the map would reveal repeated instances—at Eupen and Malmédy, at Pressburg, on the new German-Polish frontier — of this preoccupation with military questions. The draftsmen of these maps were evidently under no delusion that they had fought "a war to end war." They put their trust not in the new machinery of the League of Nations, but in the old classical devices of the impregnable mountain barrier, and the sea channel commanded by guns.

It was, however, in the dismemberment of Hapsburg Dominions that the strategic motive revealed itself most clearly. We all recollect those alarming propaganda maps which in the later years of the war made it, even in popular opinion, what it certainly was in its diplomatic origins, a struggle for the roads of the East. A turning-point in the evolution of Allied war-aims was reached when Mr Wilson, chancing upon one of these maps, based the most relentless of his speeches upon it. Here, we were told, in this Berlin-Bagdad railway line, was the spinal cord of the enemy organism. Though the Allies used the doctrine of self-determination to justify their dismemberment of Austria-Hungary, no candid historian will deny that the real motive which led them to recognise, one by one, the claims to separation of the Austro-Hungarian nationalities, was less a regard for the abstract principle of nationality than a resolve to cut Germany's road to the East, and to ring her round with a galaxy of hostile States moving in the Allied orbit. One need not point to the painfully numerous instances in which the Allies defy the doctrine of self-determination in their own Dominions. It is enough to show that they made no real

attempt to apply it honestly in their dealings with the enemy. They have made of Poland and Czecho-Slovakia composite polyglot States, packed with recalcitrant and reluctant minorities, which repeat on a somewhat smaller scale the weaknesses of the Hapsburg Dominions. The worst of these cases is the subjection of over three millions of Germans to Czech rule. It is sometimes impossible in Central Europe to disentangle the races which live intermingled. The German minority in Bohemia and Moravia lives, however, mainly along the fringes of these provinces, and for the most part in compact masses. It could have been detached with ease and united in the north to Germany and in the south to Austria. It called in vain for the right to decide its own fate, only to meet with the reply that the Allies, who have rightly disregarded history in their other dispositions, were bound to respect the historic borders of the ancient Bohemian kingdom. Even more obviously the consequence of strategical thinking was the refusal to permit German Austria to follow the nearly unanimous desire of her population for union with Germany. It is true that the League of Nations has theoretically the power to sanction this union, but since the

decision of its Council must, according to the Covenant, be unanimous, it is obvious that France alone has the power to veto this solution for all time. . A grosser or more partisan violation of the right of self-determination it would be difficult to invent. There is only one sufficient explanation of it. The central trade-routes of Europe, by rail and river, pass through Vienna. While Austria is kept outside the German system, the Bagdad railway remains under Allied military control, and Germany is kept at a safe distance from Turkey and the Straits. Each of these new creations, Poland, Czecho-Slovakia and the greater Serbia, was recommended by Allied propaganda as an essential "barrier" or "bulwark" against "Germanism," while Poland had the dubious felicity to be a barrier against Berlin and Moscow at once. The work has been done with masterly completeness. No train runs from Berlin to Bagdad, nor are we likely in our day to see one. Half-a-dozen frontier systems intersect the route, and at the stations where wheezy engines repose from the tasks beyond their strength, starving children beset the empty goods yard, and throng about the carriages of the waiting local trains, with their monotonous cry for "a bit of bread."

It is no answer to such criticisms to say that at the moment of the armistice the dismemberment of Austria-Hungary was inevitable. It was so only because the Allies had already made it so in their Secret Treaties, and prolonged the war until their extremer purposes could be realised. It was so only because the nationalist extremists of these various nationalities, counting on the known intention of the Allies to dismember, had frustrated all the efforts of Viennese statesmanship to arrive at a federal solution. But even if it be conceded that the political disintegration had become in the last year of the war inevitable, that does not acquit the Allies of the charge that they completed the material and cultural ruin of this country by their failure to impose as a condition of political independence the entry of all the Danubian States into an economic federation. It was a commonplace among all students of Central Europe that whatever were the political shortcomings of the Hapsburg Monarchy, it conferred an inestimable benefit on its populations by securing economic unity. A great continental area, with very various capacities for production in its divers parts, enjoyed a single currency, an excellent transport system, and the benefit of

internal free-trade. It produced within its own borders nearly everything necessary for a high civilisation, but its parts were mutually interdependent. Here grain, there meat, here timber, there minerals and elsewhere manufactures were the staples of an active interchange. This single economic system was shattered at the armistice. Its two ports of Trieste and Fiume were cut away. Six currencies, six railway systems, six sets of tariffs, six sets of economic controls and prohibitions were at once set up to isolate these interdependent parts of a single organism. Every one knows the consequences to Vienna. This city of two million souls, isolated in an unproductive Alpine country, must bring its corn from America and its coal from England, because its former sources of supply are closed. It starves, while Greater Serbia at its doors enjoys the rude plenty of a superabundant but unmarketable food supply. All the currencies of these States have dropped to nearly vanishing point on the exchange, but not to an equal degree, and the variations between the Czech and Serbian crowns, as compared with the Austrian, would be a barrier to trade, even if it were not necessary to overcome several prohibitions, and to bribe several starv-

ing officials before one truck of goods can be moved upon the railway. Tariffs, which in normal times would hamper trade, are a trifle compared with the imperious controls and embargoes which prohibit, in most of these States, any export whatever. The Czechs have even abolished the parcel post to Austria. Every transaction requires a masterstroke of diplomacy, and even when a contract is made, usually through the intervention of some Allied Commission, it is rarely executed. The broad facts are generally realised to-day, but it would be impossible to complete the enumeration of the endless detailed disasters which dismemberment has caused. The textile industry, for example, was usually so subdivided that weaving was carried out in Austria and spinning in Bohemia. Both processes are now arrested. Again it was the practice to breed and rear cattle in the highlands of Austria, but to fatten them in plains which have fallen to other States. The economic chaos and its consequences in human misery baffle analysis or description.* Paris was absorbed in strategy, and knew nothing and

* The "Economic Survey," issued by our Department of Overseas Trade (1920), estimates (p. 49) that the industries of Austria are now producing less than a quarter of the pre-war output.

cared nothing about the human tragedy, the ruin of millions, which followed its reckless exercises in map-drawing.

The Balkanisation of Europe.

It would be difficult to overstate the evils with which this process of Balkanisation threatens the whole life of Central and Eastern Europe, cultural, economic and political. This exaggerated emphasis laid on national or racial individuality breeds a temper of egoism and isolation. Where it prevails, there vanishes all concern for the welfare of mankind beyond the newly-won frontiers. The consequences are a passion for economic self-sufficiency which obstructs the normal processes of exchange, and a chauvinism in politics extravagant beyond anything in Western experience. The Poles, who contrived in the first few weeks of elation which followed their liberation to get themselves involved in wars with every one of their neighbours—Germans, Czechs, Ukrainians, Russians, and Lithuanians—exhibit the vanity and quarrelsomeness of this nationalist temper in its most extravagant form. In the world of science and the arts the results will inevitably be a decline

of standards and a lapse into provincialism. German culture, whatever be its besetting faults, maintained a high level of attainment and set a broad continental standard of excellence throughout the Hapsburg Dominions. The separated provinces, each cultivating its own idiom, and its own consciously emphasised peculiarities, will miss the stimulus of a common standard and a common language.

The ethics and the economics of the doctrine of "self-determination" have not been thought out to their last consequences by Socialists. This doctrine, when recklessly stated, is really an inspiration of anarchy and individualism. It threatens the dissolution of all the ties of culture and common work which bind men of various races together It involves the denial, or at least the neglect of all the impulses and all the discipline which make for common work and co-operation. It promotes the rending and dissolution of a civilised life built on centuries of common effort; it imperils all international co-operation. This claim to stand apart in complete isolation is a denial of the social ties and duties which are broader than the clan-life of a single race.

The danger is clear. None the less the

doctrine makes its appeal to deeply rooted sentiments. Most of the Socialist parties were before the war in conflict, more or less strenuous and more or less sincere, with the Imperialist tendencies of their own governments. If the naive egoism of the raw struggling nationality has its petty side, the intolerance, the insolence, the brutality of Imperialist ruling races was, and is, many times more odious and more dangerous. Sympathy, as we watched these conflicts, led many of us into a sentimental enthusiasm for "little nationalities," as though their smallness were a positive advantage. Englishmen are much given to this phase of enthusiasm, though we have taken great pains to avoid being ourselves a little nationality. It is a clear deduction from any honest statement of democratic principles, that any people which feels itself to be a nationality shall enjoy the right to decide freely under what sovereignty it shall live. The Allies, by their flagrantly partial and dishonest application of this principle, have not in fact discredited it. On the contrary, they have given it, in Ireland especially and in Egypt, an energy which it lacked before the war. It would be far easier and more natural to apply it to Ireland and to Egypt than to these land-locked countries of Central

Europe, with their desperately intermingled populations. As democrats and as honest men, we cannot refuse to apply it, where, as in Ireland, the demand is passionate, long-lived, and all but unanimous. The evils of the brutal use of force, both to the ruling and to the subject race, are infinitely greater than the losses which nationalist separation may bring with them. A Socialist should say to Ireland, "By all means, since you insist on it, you shall exercise your right without reservations. Decide by constituent assembly or by plebiscite, in full liberty, what it is you prefer, republican independence or Dominion Home Rule. If you choose independence, we shall make no difficulties." But having said this, he may go on to state, as forcibly as he can, the arguments against absolute nationalism—the economic risks, the cultural losses, the danger of militarism, the illusory nature of political independence for any small people in this dangerous world. He may urge that, in spite of gross errors in the past and a disastrous historic legacy, two peoples who decide to live together with some common ties may, while conceding to each other self-government in many things, lead a richer and fuller life, because in other matters they co-operate.

To a Socialist, the absorbing problem of to-day and to-morrow is the economic reconstruction of our civilisation. How best to eliminate the despotic power over other men's lives which privately-owned capital gives to a small possessing class; how best to organise the self-government of the workers in industry, so that the conditions of their daily tasks shall evoke in them the spirit of social service and the joy of work — if these are our problems, racial and national claims cut across them as irrelevancies. Everywhere the industrial system creates the same conditions. It talks no national dialect. Yet quarrels based on language, or on obsolete historic memories, threaten the unity of the working class and distract its mind, wherever national issues obtrude. Nationalism becomes the devouring master passion, and shatters every attempt to range men of two races in one proletarian organisation. In Czecho-Slovakia, for example, the Czech Socialists combine in their Parliament not with the German Socialists, but with the Czech Agrarians, while the German Socialists form a solid block with the middle-class parties of their own race. In Poland, the intense intolerance of Polish nationalism actually obliges the Jewish workmen to organise in

separate racial Trade Unions. No Socialist will deny the intellectual, moral and æsthetic value of any rich and distinct national life. No Socialist party has ever wished or tried to obliterate or repress the traditions which cling to the history, the literature, the language or the religion of a nationality. On the contrary, every Socialist party worthy of the name has battled for tolerance and generosity in these vital, emotional things. We do not want a drab and uniform world, though of its many colours we would make a harmony. But it is not clear to us that much is gained by insisting on associating political authority with racial distinctions. That is only to confuse and obstruct the more pressing economic problems. It is always possible to concede to every race in a united territory the utmost liberty and autonomy in schools, churches, clubs and associations for its cultural life. It is always possible to link up areas, whose populations desire local self-government, in a federal union. Passion and the legacy of history may make complete separation a necessity. We ought never to refuse even that, where a people insists upon it in cold blood, but it is no part of our doctrine to promote or applaud such solutions, whether at home or abroad.

If it had been possible to create a League of Nations, so closely knit, especially on its economic side, as to be in effect a federal system, this multiplication of little States might not have been a serious evil. Each of them would have lived its life as a unit in a greater whole, united for mutual protection and interchange. The League, however, as we know it to-day, is the faded ghost of a great hope, impotent to modify even in the smallest particular the enraged egoism of these vehemently separate States. The Baltic, Caucasian and Danubian States have lost their share in the wider life of ideas and economics in the Russian and Hapsburg Empires, without gaining anything from this feeble foreshadowing of a world-wide union. In point of fact, it is not nationality, but rather Imperialism which has gained by this change. As units in a federal Republic, these little States would have had a real share in the determination of its common affairs. As it is, they must each submit, with no Court of Appeal, to the dictation, military, political and economic, of the greater Allies. Their independence is only nominal. Alike in their commercial and in their political life, they must obey the lightest suggestion of the Powers which possess the force

or the wealth to control their destinies. For this subservience there is no remedy in the present state of the world. If we were to learn that Esthonia or Georgia had demanded that a matter in dispute with the British Empire should be submitted to arbitration, the official world would gasp at such audacity, and if Downing Street agreed to arbitration in such a case by a neutral court, some would ask if we had really won the war. These little States, whose chief possession is a strip of coast, have become items in British naval policy, useful when we please to trade, indispensable when we prefer to blockade. The minor continental States dovetail as naturally into the military policy of France. They have no free share in determining the policy of any unit larger than themselves. They have less real power of influencing their environment than they would have had as members, with voice and vote, of federal Austrian and Russian Republics. The Balkanisation of Central and Eastern Europe has meant not the reality of national independence for these peoples, but their subjection to Western Imperialism.

This phenomenon of Balkanisation seems at first sight to mean that nationality has asserted itself as a positive and shaping force. On a

closer view one inclines to regard it rather as a sign of dissolution. The war has shaken the fabric of civilisation on the Continent. The big structures have broken down. The elaborate organisms have split into their component parts. It is a symptom not of vivid and superabundant life, but of decay, retrogression, decline. The high complex organism has broken up into its elementary cells. Nationalist passion has helped the change. It has rent the big organism violently asunder, where elsewhere one notes a mere nerveless falling apart. But the same phenomenon appears, even where there is no racial question. The tiny fragment which we call German Austria, though it is racially uniform, is only held together by the veto of the Allies on further dissolution. One portion, Vorarlberg, has voted for union with Switzerland, another, the Tyrol, for annexation to Bavaria. The tendency is now to frame a federal constitution for German Austria, which leaves only a shadowy authority to the Central State. And yet the total population of this little State is only six millions. Each Austrian province, even each parish, attempts in economic matters, especially by forbidding the export of food, to exert sovereign authority. The country defies

the town; the town would defy the country, were it not that it dreads starvation. The same particularism on a much larger scale shows itself in Germany. The Catholic South dreads the more revolutionary North, and the Junker East regards "red" Berlin as worse than a foreign city. In prosperity great States hold together, and a pulsing life of economic and intellectual exchange can maintain the most diverse regions in unity. Adversity brings dissolution. When trade stagnates, when thought is busied only with the intolerable misery, when the daily bread is always measured and sometimes missed, the circle of men's interests and sympathies contracts. Each province, each town, even each village, thinks only of itself, and resents so bitterly the thought of parting with anything it possesses, that it will hardly exchange even its superfluities. It closes its gates, and the parish boundary becomes a veritable frontier. An elementary instinct of self-preservation expresses itself as a parochial selfishness. The clan, the parish, the race assert themselves against the wider national and international life. So far from rejoicing at the riot of nationalism and particularism in Europe, as though it were a movement of vigorous life

towards liberty, we ought rather to see in it the unmistakable symptom of decay. The politics of the Tower of Babel means a return to a poverty-stricken and elementary existence, a weakening of constructive and creative power, a decline in civilisation.

CHAPTER II.

The Concentration of Power.

The war left in Europe only three Great Powers which retained the ability to act independently beyond their frontiers: of the three, only Great Britain combines a relatively sound economic structure with adequate military and naval force. The Peace Treaties made a European system which could be controlled, if at all, only by a great military Alliance, vigilant, permanent, united and indefatigable. In the world made by these Treaties a League of Nations can have no moral reality and only the most modest of functions. The need for force in the relationship of peoples is in inverse ratio to their contentment. Where there are unsatisfied ambitions, there will be armaments. When half a Continent feels that the terms dictated to it are not merely an offence to its self-respect, but are barely compatible with its physical survival, it is plain that the settlement can in the long run

be enforced only by maintaining in the hands of the victors an irresistible police. A League of Nations worthy of the name could have been created only as the framework and expression of a settlement which had won the general assent of civilisation. Contentment in the literal sense may be an unattainable ideal. Any settlement which assured the future must have imposed sacrifices on the vanquished. Some territorial re-arrangements were necessary and right. Poland had to be reconstituted. Alsace could not have been left, against its desire, within the German Empire, though a plebiscite ought to have been accorded. Hungary, though the actual dismemberment is excessive, could not have been left to tyrannise over a subject population as numerous as her own. Disarmament was indispensable, though it ought not to have been one-sided. A contribution from Germany to repair the devastation in France was required by equity and humanity. None of these things would have been a barrier to a lasting settlement, and even in Germany a great part, perhaps a majority of the population, would have admitted their justice. These Treaties, however, are so packed with flagrant injustice, so plainly dictated by strategical ambition and economic

greed, that they can evoke no moral assent. More fatal by far than their remoteness from the moral standards professed by the victors is their disastrous economic effect. Half a Continent has been deprived of hope, resources, ambition and the possibility of work, and confronted with the prospect that it will either fail to maintain its population on a civilised level of comfort, or else acquiesce for a generation in devoting all the energy that can be spared from the struggle to win its daily bread, to the task of pouring wealth into the coffers of its conquerors. Treaties which make an oppression that is felt in every home, at every family meal, in every school, which reduce millions of men to helpless penury and degradation, can be maintained, if at all, only by overwhelming force. It is idle, while the Treaties are maintained, to talk of substituting the League of Nations for the alliance of the victors. No League in which neutrals and the vanquished were fairly represented could or would consent to enforce these Treaties. The only power which can or will enforce them is an irresistible military alliance of governments, which believe that they have an interest in maintaining them. While this alliance dominates the world, the League can be only its

shadow, its tool, its creature, whose action will be tolerated only in directions and within limits, which leave the governing authority of the Alliance unimpaired. The liberal idealism which found its compensation for the misery and cruelty of the war in the creation of a league of peace was misled at Versailles into a fatal and irremediable error of tactics. Mr Wilson, Lord Robert Cecil and General Smuts seem to have believed that if they could but create the League, the iniquities of the Treaties could be gradually reformed away. The history of Versailles is that of a compromise, in which one party purchased the empty success of creating a pacific League, while the other party made a world which can be governed, if at all, only by brute force. The Liberals were doomed to defeat from the first day. A dictated settlement can inaugurate nothing but an era of international coercion.

If the Allies do eventually admit our late enemies to the League, they must safeguard their settlement by denying to the League any real power to modify it. By what expedients they achieve this result is a question only of tactics. Some of the expedients are apparent in the Covenant of the League itself. Its Council

can do nothing unless it is unanimous, nor can the Assembly do much without the assent of the Council. That in itself is enough to perpetuate the settlement of Versailles. We have a World Parliament, but it meets under a handicap comparable only to the fantastic *liberum veto* of the crazy Polish Monarchy. If any one of the victors can block any proposal for amendment, it is a mockery to create a Council.

British Sea-power.

A glance at the real balance of power in the world suffices to demonstrate the impotence of the League, if we regard it as an independent body, which ought to be free on occasion to take and enforce some decision which might be unwelcome to one or more of the chief Allies. It is hard to see how either the Council or the Assembly could conceivably reach such a decision, as they are constituted to-day. If they were to reach it, they could not enforce it. One-sided disarmament has left the chief Allies omnipotent. We resisted the American doctrine of the "freedom of the seas," for the avowed reason that our right to the utmost use of the weapon of the blockade must remain unimpaired. Our hands

are free, in any dispute of our own, which the League had failed to adjust, to make the maximum use of this terrific weapon. We could use it now with vastly greater effect than during the war, for the navy of our late enemies has ceased to exist. We are, moreover, established now within the Baltic. The only legal check, which exists to an unlimited British blockade, is that the Turkish Treaty provides against the closing of the Bosphorus and Dardanelles, save by a decision of the League of Nations. Even this provision, however, is worth very little, for the police of the Straits is confided to the Allies, and not to the League. In actual fact, the Turkish Straits are almost as completely under British control as the Suez Canal itself. The failure of America to impose any check whatever upon our naval power must count among the two or three decisive and permanent results of the Peace Conference.

The whole Continent now lives under the shadow of our sea-power, and must reckon with it, as men reckon with the seasons, as one of the unalterable conditions of their political and economic life. The memory of what our blockade achieved will last, while any of the children are alive who saw the war. It has

left its mark more permanently than any local devastation. The hand of man will in a few years cover up the vandal work which Ludendorff wrought in the Northern Departments of France, but for half a century to come, the stunted, rickety and tuberculous children of the blockade years will carry in their bodies a reminder of our power. Henceforward the lightest threat to blockade will suffice to impose our will on the Continent, and whole populations must reckon with it in all they plan.

Naval power, acting through the blockade, is perhaps a worse menace to the freedom of weaker states than military power. It can be used with relative impunity by the stronger. A certain sentiment against risking the lives of our own soldiers will always be a restraint, though a weak one, against land wars. But a blockade costs little or nothing in life to ourselves. So strangely partial is our thinking, that many kindly people even regard it as a relatively humane form of coercion or self-assertion. It is bloodless, and there are those who would think it a crime to cause a few hundred deaths by shooting, but lack the imagination to realise the sufferings under starvation, typhus, rickets and tuberculosis of the

millions of a blockaded population. The blockade is for a naval Empire a cheap method of wielding power. It costs us little in blood or money. That means that Governments may make use of it, lightly, even recklessly, with little check either from humane opinion or from the taxpayer's prudence. The blockade is a subtle instrument, which has solved Shylock's problem of taking the pound of flesh without shedding Christian blood. Nor does it touch the Christian conscience. We are like those bishops of the Middle Ages, who would ride into battle armed with mace but not with sword. Bloodshed is abhorrent, and given the ships, it is also unnecessary.

French Military Policy.

On land the corresponding fact is the military ascendancy of France. She alone combines immense military power with a relative economic self-sufficiency. Italy, with a much smaller and less efficient army, is lamed for independent action by her dependence on imported coal and grain. She cannot act without Allies who will supply her with these essentials. Few of us realise that the relative military power of France is now

vastly greater than that of Germany ever was. She has disarmed her chief antagonist, forbidden to him the manufacture of heavy artillery, fighting air-craft or tanks, occupied his western provinces and dismantled his fortresses. He is helpless not merely for aggression but even for defence. This disparity will be permanent, for to the late enemies of France, and to them alone, the instrument of a national army is denied. She retains, however, conscription, and so also do the satellites who move in her orbit—Poland, Czecho-Slovakia, Roumania, and Jugo-Slavia. France has recovered the military predominance which she enjoyed under the first Napoleon, and in broad outline the strategical politics of Marshal Foch revive Napoleonic tradition. The Polish army is trained and organised by a French "mission," which is said to number 600 officers. Warsaw is once more "an outpost of France upon the Vistula."

M. Clemenceau did not realise the full ambition of M. Poincaré, recorded in the Secret Treaty with Russia, for the recognition of the Rhine as the "natural frontier" of France. He did, however, secure for fifteen years the possession of the Saar Valley, and the permanent ownership of its coal-mines. He also secured the

military occupation for the same period of the Southern Rhine provinces, and M. Millerand has officially declared that any infraction of the Treaty (and its literal fulfilment is impossible) will entitle France to prolong the occupation even beyond these fifteen years. With these securities the predominant military and political opinion in France is not yet satisfied. By agitation in Paris, and by intrigue in the cities of the Rhine, France is openly working for the permanent dismemberment of Germany, and it is the resolve of her politicians and soldiers in some way to prevent the restoration of the Rhine provinces to the Fatherland. In the Note sent from San Remo, the Supreme Council threatened the occupation of further districts of Germany should any part of the Treaty remain unfulfilled. The plan seems to be: first, to occupy the coal-field of the Ruhr, the densely-peopled "black country" round Essen, and then to use it as a lure with which to carry the dismemberment of Germany still further. The whole economic life of Germany depends on the two great coal-fields of the Ruhr and Silesia, and both of them may be cut off. The result would be the total industrial ruin of what remained. It would then be easy to play

on the separatist tendencies which exist in Bavaria and the south. "Remain in the German *Reich*" (so the argument would run), "and you will starve, linked to the corpse of Prussia. Break away, declare your independence, place yourself under the protection of France, and you shall be amply provisioned with Ruhr coal." The sentiment of national and racial solidarity among the Germans is probably stronger than the French suppose. This policy, none the less, might succeed for a time, and result in a temporary separation of the Rhine provinces and the south from Prussia. The prevalent view in our own country is still that Prussia is the home of reaction, while Bavaria is more "liberal." That is wholly untrue. Prussia is the more thoroughly industrialised half of Germany. The Ruhr, Berlin and the Saxon black country are the strongholds of Socialism, and especially of the Independents. The class struggle is sharper than elsewhere, but if we exclude the remote agricultural north and north-east, where the Junker squirearchy is still supreme, Prussia, since the fall of the Hohenzollerns, belongs predominantly to the advanced parties. Not so Bavaria. Outside its large towns, the countryside is clerical. It is well

armed, and its governing passion is a dread, not of the Prussian reaction, but of the Prussian revolution. French diplomacy has always been skilful in its dealings with clericalism. If Bavaria should break away, Austria, in spite of its strong Socialist party, will probably be allowed and encouraged by the French to unite with it, and it is even possible that Monarchy may be restored. This south German State would live by a measure of French patronage, much as its ancestors did under Napoleon.

British and French Aims.

It is for us a standing puzzle to guess what French policy on the Continent really is. We repeat to ourselves that our Allies are a logical people, and yet they appear to follow incompatible aims. They seem at times to desire the total ruin of Germany, both in the industrial and in the military sense, and, indeed, in the modern world, these two aspects of power can hardly be separated. On the other hand, they seem to believe that from this ruined land they can extort a fabulous indemnity. They hunt for that indemnity among the ruins, as some one has said, much as mediæval alchemists hunted

for the philosopher's stone. Their finance is built on that expectation, and if it is not fulfilled, they, too, must face ruin. To some extent they may be the victims of mental confusion, and of incompatible ambitions, among which they will not select what is realisable. There are, however, other possible explanations. If they can anticipate the indemnity by the proceeds of an International Loan, guaranteed mainly by Great Britain, they can afford to be indifferent to the question whether Germany can or will pay, for the loss by her default would fall in that case primarily on us. Again, if German unity were once broken, the French might consent to revise their policy. They would allow the Catholic west and south to recover, and recoup themselves by exploiting it discreetly and not too harshly. Prussia, indeed, would be ruined, but she would sink to the position of a third-rate agricultural State, and her resentment might be ignored as a practical danger.

Our own peculiar brand of Imperialism is written all over these Treaties. We have made ourselves all-powerful at sea. We have confiscated the mercantile marine of Germany. We have suppressed, or taken power to sup-

press, all the branches of her industrial and commercial enterprises and businesses which competed with our own outside her borders. No part of our policy during or after the war was pursued with such thoroughness. Everywhere within the Allied world German businesses, banks and agencies were closed down and liquidated, so that when at length peace did bring the theoretical possibility of trading, Germany had to start again from the beginning, without connections or openings. The same course was followed also in Africa, where all the wharves, warehouses and transport material of enemy firms were sold by auction to their competitors. Towards the end of the war, certain of the remoter neutral States, like China and Brazil, were brought into our camp as Allies, though it was never suggested that they should contribute a ship or a battalion to our fighting forces. One of the prime objects of this curious manœuvre was that in these States, also, the process of uprooting German commerce could be completed by methods possible only in a state of war. Here also German businesses were liquidated, and from China the numerous colony of German residents was expelled. The Peace Treaties put the

coping-stone on all this preparatory work. They contained none of the clauses establishing legal and commercial reciprocity usual in all the Treaties which have terminated former wars. They secured for Allied trade and traders in Germany every conceivable right and privilege to reside, to acquire property, to use rivers and railways at the lowest rates, to fly into or over the country, and to enjoy the status of the "most favoured nation" in all tariff regulations. Not a word suggested that any of these rights were to be mutual. The state of peace has not automatically brought back to the German trader any of the usual rights enjoyed in foreign countries by the subjects of every civilised state. In China, the usual Customs tariff applicable to the goods of all European States alike has been denied to them. Nor is this all. It remained to acquire their enterprises and concessions, railways, oil-wells and the like, in Turkey, Russia and China. That is provided for in the Treaty (Article 260). Finally, as an item in the indemnity, their businesses, even in neutral countries, may be liquidated for the benefit of the Allies (Article 235). All this was rather a British than a French policy. It solved the problem for a modern capitalist

Power, of making war a profitable enterprise, at all events for the possessing classes. A measurable number of millions, the greater part of the profits of German over-seas trade, has by these various expedients been added to the national income of the British Empire. Our chief competitor in world-trade has vanished as a competitor from every port and from every market in China, South America, Africa and Turkey. Apart from our acquisition of her African colonies and of Mesopotamia, with its oil, our gain from conquest is mainly indirect. We reckon on adding the profits of this once thriving German world-trade to our own, and should Germany again begin to work and export, a substantial portion of the profits of this new trade will, infallibly, go to us as shippers, bankers and middlemen. This is a form of indemnity which may be more profitable to ourselves and more crippling to the enemy than the money tribute which the French desire. But it implies a certain degree of energy, enterprise and commercial experience in the Power which profits by it. Our mentality is that of the merchant and the manufacturer. We prize, especially, the opportunities for future trading gains. We are trying, for example, to acquire

as part of our share in the indemnity, the large and admirably managed businesses of the German Electrical Companies in South America. Whereas we take a business and mean to run it, the French desire a tribute in hard cash. That is the mentality of the *rentier*, the man who lives on the interest of capital, whether it be his savings, his inheritance, or the fruits of victory. France has never been a country of great businesses working for a world-market. Her most valuable exports are articles of luxury, into which taste and skill enter as the chief ingredients. Hers is a society based on small businesses, small farms, small properties, to be handed down from generation to generation with small increments to small families. We visualise wealth as the possession of a big and expanding business. The French visualise it rather as the possession of share certificates and title-deeds, which bring in their punctual interest. The two national characters are built upon this broad economic difference. Our temperament is the more adventurous. Theirs seems to us somewhat narrow and grasping. We seem fated to misunderstand each other, whenever we face an economic problem together. Take, for example, the attitude of the two

business worlds towards Soviet Russia. Ours, on the whole, would cut its losses and start trading again. The French see no "opening," and cannot look beyond the fact that Moscow has a store of gold, which might be captured and used to pay some of the interest on the repudiated debt. Our attitude, given our energy, is the more reasonable and far-sighted, but in its way it is not less acquisitive than the "grasping" policy of capitalist France. Englishmen and Frenchmen look at each other and turn away displeased. What each sees mirrored in the other face is the soul of an acquisitive capitalist society.

These two divergent policies are at the root of the fatal dualism of Allied policy towards Germany. We were not a whit more humane or generous towards the beaten foe. Indeed, we completed his commercial ruin with masterly thoroughness. When once we have destroyed his power of earning and trading, however, we have the sense to realise, for the most part, that he cannot pay also a huge indemnity, measured in thousands of millions sterling. We can afford to be "philosophical" about it. We have got our indirect gain by destroying his competition. That, however, is small consolation

to the French. Their industry, their national character and economy are not so built that they can profit by this occasion. It is we, not they, who will step into German shoes in the Chinese, African and South American markets. Accordingly, the French must needs demand the cash indemnity also. That annoys us. We know it is unobtainable. We have stripped the enemy so bare that he cannot now earn an indemnity for the French. In private conversation, if not in print, we speak of their insanely grasping temper, and they retort, with less reserve, by references to our celebrated egoism. Both reproaches are true. Our mercantile capitalism and their financial capitalism, each predatory, each egoistic, but in very different ways, have combined to make a settlement which is a nightmare of economic lunacy. If we incline now to bestride the fallen foe to protect him from French greed, let us not forget that it was we, by our protracted blockade and our merciless ruin of his commerce, who made him the starved, resourceless, insolvent debtor, from whom France can extract nothing further. Between us, we have taken his tools, a thing the common law forbids. Without his ships, his cranes, his harbour dredgers, his locomotives,

his coal and his iron ore, how can he work to fill the French exchequer?

From this digression on the indemnity, let us return to the peculiar and distinctive characters of the two allied brands of militarism. Ours works by the naval arm, with the conquest of world-trade for his primary aim. French militarism, on the other hand, seems to return to the Napoleonic pattern, and is concerned mainly in exacting a tribute, which will be paid, year by year, for five-and-thirty years to come. The sanction, the compelling force behind this tribute is the French army, planted on German soil, and closing round it by means of the "barbed wire" entanglement of its minor Central European Allies, each armed, munitioned and instructed from French arsenals and French military schools. The image of the future which presents itself is that of all Central Europe reduced to the condition of a camp of prisoners of war, kept at work for the benefit of their gaolers, by a system of calculated intimidation. At any moment, for any defect in the fulfilment of impossible demands, the French army may roll onwards and occupy yet other German towns and coal-fields. The French envisage victory as an investment. The capital of blood

is to yield its yearly percentage. The mind of the financier shapes this militarism, as the mind of the merchant shapes ours.

We have our labour-saving device, the blockade, which spares us the fatigues and risks of invasion. The French have their analogous invention. They wage war by proxy. The Poles fill this part in their war on Soviet Russia. The negroes are the selected force for the coercion of Germany. Militarism is a risky tool. At the end of the war there was no white population willing to endure indefinitely the fatigues of fresh campaigns. The mutinies in the French fleet and land forces at Odessa were a warning that the Republic must be sparing in its future use of white troops. They might refuse service, and, what is worse, they might even be won by Bolshevik propaganda. From any danger of that kind these black troops are immune, for many of them are drawn from the most primitive tribes of Central Africa, which practised cannibalism in recent years, if they have even now abandoned it. These negro troops are as automatic as a machine gun and as little likely to be demoralised by sympathy. Their known barbarity towards men and their appetites towards women add the

effect of terror to their unquestionable bravery. No Power could desire a more serviceable arm for any purpose of coercion, and there are no electors in Africa who will resent their absence in sunless climates on distant fronts. It was, even before the war, the design of the French General Staff to supplement its white recruits by these black levies. There are now in force decrees which establish conscription in all the colonies of French Africa, and the intention is to employ these black troops during two of their three years of service outside their own Continent.*

One hardly knows which aspect of their policy is the more sinister. It is a menace and an affront to civilisation in Europe, and, above all, a threat to Socialism. It means from the African standpoint a reversion to the morals and methods of the slave trade, for no tradition of patriotism can possibly reconcile these men to the prospect of fighting under constraint for their white conquerors. When the Allies decided to deprive Germany of her African colonies, one of their loudly-professed reasons

* According to an answer to a question in Parliament (*see* the *Times*, 17th June 1920), France has at present 660,000 men of all ranks under arms, of whom 190,000 are coloured troops.

was that they desired to save this Continent from militarism. That was always a hypocritical reason, for long before the end of the war the German Colonial Minister, Dr Solf, had proposed an international agreement to prohibit the recruiting of Africans, save for purposes of local police. France has begun the systematic militarisation of Africa, and other Powers will probably follow her example. The posting of Senegalese sentries in Goethe's house at Frankfort was a symbolic act which revealed the indifference of this new militarism to all the finer values of European culture.

The Rule of the Allies.

With these aims and with these instruments of coercion, the military Alliance of Great Britain and France has constituted itself the governing power throughout the old world. The big Empires which might have withstood it are shattered, and over the fragmentary multitude of little States which have replaced them, it endeavours to hold sway. The intention is, as Mr Lloyd George has told Parliament, to make the Supreme Council of the Alliance a permanent institution. Every international

question of any consequence depends on its decision, and the League of Nations is permitted to handle only such questions as the Allied Supreme Council is pleased to refer to it. The Council of the League has developed neither will nor initiative nor ambition of its own, nor is it ever likely to do so, while it is composed only of delegates named for each meeting by the Cabinets of the Allies. The one neutral, Spain, which has a seat on the Council, was evidently chosen by the Allies because she is the least likely to forward any disinterested or humane policy which might be inconvenient to them.

The fatal objection to the Allied Council is not merely that it represents only the victors in the late war, and only three of them. The main objection to it is that it is composed of men who could only by a miracle take a disinterested and impartial view of the questions which come before them for decision. The Prime Ministers of Great Britain, France and Italy are men whose daily thoughts are necessarily and properly busied with the interests of their own countries. Can men who must be engaged every hour of every day in promoting the economic and strategic aggrandisement of

these three Powers, divest themselves of these preoccupations, and assume the quasi-judicial impartiality without which an International Council would be a mockery ? * The feat would be impossible. In point of fact the Supreme Allied Council works on the lines of a geographical division of interests usual between Allies. That always was the accepted convention, both in pre-war Europe and during the war. Each Empire has its more or less clearly recognised zone of expansion, penetration and influence, and a good Ally will not interfere with a colleague so long as these lines of demarcation are observed. The classical example of this recognition of zones is to be found in the arrangement between Russia and the Western Allies, which was embodied in the famous Secret Agreements concluded on the eve of the fall of Tsardom. France obtained the assent of Russia to her plan for creating a buffer State under French protection out of the German

* The Executive Council of the League is open to the same objection. If ever it is possible to make the League a reality, two constitutional changes seem essential : (1) The Assembly should be an International Parliament, indirectly elected from the national Chambers by proportional representation : (2) A Political Council, elected by the Assembly, should be created to deal with all disputes. The present Executive might remain to devise action when recommended by this Council.

territory on the left bank of the Rhine. In return the right of the Tsar was recognised to dispose as he pleased of Poland, and of the Eastern frontier generally.*

Arrangements of this type render any working of disinterested opinion impossible. That is indeed their object. The egoism of the interested Power is given free scope, and each party to the Alliance condones the aggrandisement of the other, in return for an equal licence for itself. The whole comity of expansive Empires rests, and always has rested, on this foundation. What agreements of this type, tacit or explicit, there may be among the Allies to-day, one can only guess. When the Premiers meet in the Supreme Council with many items of business before them, the process of decision is inevitably one of barter. There can be, in such a secret Council, which exists primarily to adjust the clashing interest of the chief Allies, no broad consideration of the general good, and no effective checking of the egoism of one Ally by its fellows. This is the fundamental vice of all Alliances. So long as one Ally has need of the other, it cannot adopt the pose of the stern

* *See The Secret Treaties*, by F. Seymour Cocks, p. 67. National Labour Press.

moral censor. We were officially blind, during the existence of the pre-war Entente, to all the misdeeds of Tsarist Russia. If we, or even more obviously the French, require Poland as a "barrier" against Russia and Germany, we cannot afford to take the Polish oppression of the Jews too tragically. What one asks of an Ally is bayonets, not virtue.

That the ascendancy of the Alliance over the League of Nations is intended to be permanent, a glance at the latest of the Peace Treaties will show. The Turkish Treaty is in many ways the worst and the most absurd of the series. The whole of Turkish Turkey is in armed revolt against it, and it can be enforced, if at all, as Signor Nitti said, only by another war, for which the major Allies lack the will and the means. It outrages nationality by extending Greek dominion over regions, especially Western Thrace and the Hinterland of Smyrna, which have been proved by the recent investigations of allied officials to contain only minorities of Greeks. It forces a mandatory on the Syrians, who refuse his protection. It fails to provide a protector for the Armenians, who call for one in their dire peril. It rashly affronts Moslem sentiment, yet it fails to give effect to Christian

sympathy with the most pitiable of all the victims of the Turks. Finally, it reveals how little real part the Allies intend to concede to the League of Nations. The three chief Allies and not the League will police the Turkish Straits. It is again these same three Allies who are to control the entire finance of Turkey, through a permanent Commission. The Commission, if the Treaty could ever be enforced, would govern Turkey even in its internal affairs, as absolutely as the British control governed Egypt before the war. No Budget can be valid, no tax or duty levied, without its assent. There was much to be said for the principle of placing Turkey, at least for a term of years, under some form of international control. The attraction of that idea lay, however, in the assumption that this control would be disinterested. Here, however, is a proposal to vest the Government of Turkey in the hands of the three Powers who are openly carving it into zones for economic exploitation. We divide with France the oil of Mesopotamia. Italy shares with France the coal of Eregli, and occupies Adalia. All three take over the interests and concessions which German enterprise had acquired. Financial control by

Powers who start by affirming these claims, can mean only exploitation.

It wanted only the incident of the Polish war on Russia to complete the proof that a League of Nations, while it languishes in the shadow of a great military Alliance, cannot perform the functions for which it was created. To define the League as an organisation to avert wars, would be to limit its purpose too narrowly. If it were no more than that, it would be much less. Only in so far as it makes itself necessary in peace, will it be obeyed in war. It ought to permeate all our international life, not merely to avert mischiefs, but to confer benefits. Its most obvious duty, as the Labour Party urged from the start, should have been to ration raw materials among industrial peoples according to their needs. These seem to-day high and remote ambitions, and it requires an effort to recall the fact that the League was founded primarily to make an end of wars. Even that elementary function it cannot perform. One need not pause to argue that the Polish attack on Russia was a wanton aggression, inspired by insane ambitions. That is irrelevant. The fact which concerned the League was that this war, arrested during the winter by the Russian

climate, broke out again in the spring after the amplest warnings. It is no little war. Poland has over half a million men in the field, and Russia has, or will have, more. Each belligerent is bankrupt and half-starved. They are fighting over territory repeatedly devastated by war and civil war, by revolution and pogroms. There were, according to the Director of the American Red Cross, a quarter of a million cases of hunger-typhus on the Polish side (not to reckon the other) of the fighting line. Yet, in reply to the appeal of Lord Robert Cecil, Lord Curzon formally refused to set the machinery of the League of Nations in motion either to prevent or check this war. "Any war or threat of war," so runs the eleventh Article of the Covenant, "is hereby declared a matter of concern to the whole League," which must "take any action that may be deemed wise and effective to safeguard the peace of nations." One need not discuss the riddle why in this case the League took no such action. We were supplying the Poles with munitions and France was sending guns and instructors. The Prime Minister, when asked by the Polish Foreign Minister whether he would advise them to make this attack, replied by declining to advise them.

He would not place his veto on the adventure, and contented himself with saying that if they made this war they would do so on their own responsibility. Naturally, Powers which as Allies allow a war to break out and back the aggressor with material aid, cannot, as Members of the League, use the League to stop it. The League in such matters will be used or ignored as the interests and calculations of the Allies dictate. But even if the League had acted, and acted promptly, could a Council composed of official persons, who with one exception are bound in duty to regard Poland as an Ally, conceivably render an impartial judgment in a dispute between this Ally and Russia? There can be no League while the Alliance endures.

The Future of the Alliance.

To speculate on the future of the Alliance would involve a risky essay in prophecy. The intention to maintain it as the groundwork of European polity is loudly proclaimed, but plainly it works uncomfortably. The dissensions between London and Paris over the German indemnity, the Turkish Treaty and our relation to Russia, are matter of public

knowledge and daily comment. Italy, in dread of bankruptcy and revolution, with bitter grievances against both the stronger Allies, openly preparing a *rapprochement* with Germany and Austria, and turning in her complete disillusionment to the Statesman who would have kept her neutral in the war, has morally seceded from the Alliance. By naming Signor Giolitti her Premier, she has sent in her resignation as a victor. The Alliance rests now on the fragile tie of interest and fear which still in some measure unites the Governments of Britain and France. Its power wanes visibly. It has made a Germany so weak, so desperate, so incapable of coherent action, that she can no longer be coerced, for she has no longer a governing machine which could register and transmit pressure. The minor Allies quarrel among themselves, and no effective central command imposes its authority upon them. Half Europe has been Balkanised, but Paris and London cannot exert in Central and Eastern Europe the authority which Berlin, Vienna and Petersburg used to wield. This Continent, with a civilisation that has lost its nerve centres, falls visibly apart into anarchic fragments. The power of the Alliance wanes with its unity. It has

drafted a settlement which it lacks the force to impose.

One may reckon, indeed, on a change of spirit at the centres. Unfortunately, such changes proceed at very uneven paces. They are apt to follow economic decline, and when that is evident, the power of action is lost. Italy returns to a sort of furious sanity, but only to find that the danger which has made her sane has robbed her of the power to wield an influence. British opinion veers also, though with more deliberation. But in France a change seems of all desirable things the least likely. Her partial eclipse during the fifty years that followed Sedan has obliterated our recollection of the persistent military tradition of this most nationalist of peoples. We are apt to forget that, in spite of Republican forms, a nation of small peasant owners and small investors never will be Liberal in the British sense of the word. The brilliance of the murdered Jaurès led us to overestimate the power of French Socialism. The folly with which the French Trade Unions were led in the recent general strike, and the ease with which they were crushed, warn us that the industrial proletariat is much too weak to reverse or even to moderate the policy of the governing

class, while in numbers it must always be outvoted by the rural population. The significant fact about the Parliamentary life of France is, that since the fall of M. Caillaux, such opposition as there has been, first to M. Clemenceau and then to M. Millerand, came from experienced opportunist politicians, who felt or affected an even more ardent and reckless nationalism than theirs. From M. Poincaré, M. Briand, and M. Barthou among the older men, to M. Franklin-Bouillon among the aspirants, every politician out of office has criticised the Government, not for its exacting and selfish policy, but for its weakness in imposing its will, now on its Allies and again on its enemies. The opposite phenomenon prevails in England. A return to moderation under these conditions is not easy to foresee. No French Government dare face the tax-payer with the news that he must pay the war-bill. Direct taxation, even the mildest, is a barely tolerated novelty in France. Our propertied class gains largely and spends largely, in the belief that it will easily replace what it has to disburse. It endures high taxation with comparative good-will. That is also true of the Germans. It is the industrial habit of mind. The French amass with difficulty and spend

with care. Taxation causes them a sort of physical pain. The French will not modify their European policy without further pertinacious efforts to impose their tribute by violence.

When at length the Alliance breaks, or ceases to have more than a nominal existence, can the League of Nations replace it? There is much truth in the contention of British Ministers that the League cannot in the present state of the world "act effectively." The reason, however, is not its youth and immaturity. The reason is that the League could not administer these Treaties. It would have to begin by revising the Treaties so drastically that nothing of their spirit remained. That, however, involves either the ability to command, which the Allies possessed in the first month of victory, or else a unanimous spirit of reasonableness in Europe. Under this Covenant one dissentient on the Council of the League could veto any change, and even were the Council unanimous, it would not be easy to coerce even the minor Allies. Europe had a brief Liberal movement when Mr Wilson first arrived in Paris. That chance has gone, and it may not return. Nor is it probable, even if America should eventually enter the League,

that she will do so without reservations that undermine it. Her objection is precisely to its governing, authoritative aspect. The Covenant was far from setting up anything which could be regarded as a world-government, or even as the nucleus of a federal constitution. But weak as the Covenant is in this respect, it claims much more authority than American sentiment will brook. Dictatorial powers for the League would have been unnecessary had the settlement itself rested on consent. Our present problem would not have arisen if Imperial concentrations of authority had survived in Berlin, Petersburg and Vienna. It is the process of dissolution and Balkanisation which have made a world-government necessary. It cannot be the League as we know it to-day. It cannot be for ever the Alliance.

CHAPTER III.

An Echo of Malthus.

It was amid the experiences of the Napoleonic struggle that Malthus alarmed our grandfathers with his gloomy essay on population. Another universal war has presented us with the problem of population in a new form. It is not niggardly nature or prolific man that has made this problem, but the perverse contrivances of statecraft. Its simple elements may be stated in a few sentences. Before the war her world-trade enabled Germany to export manufactured goods on a scale that allowed her to purchase foreign-grown food for about fifteen millions of her population. Her world-trade has been destroyed by the peace. If it is in some measure revived, it cannot be on the basis of an exchange of goods. The meaning of an indemnity is, in concrete terms, that the nation which pays it must export goods for the consumption of the victors, without receiving their equivalent in imports. Some import, if

only of raw materials, there must of course be, but it is only by the surplus of exports over imports that Germany can, year by year, pay the tribute which the victors have imposed upon her. Every quarter of wheat which she receives from abroad diminishes the possible surplus available for the indemnity, and while her currency remains the nearly worthless medium that it is, her population must perform an inordinate amount of labour in order to buy this foreign food and to pay for its transport in foreign ships. Worse still is the case of Austria, where, as the result of depreciation of the Krone, even skilled artisans earn in our currency only 2d. an hour. What this means in human values will be grasped at once. In order to earn a loaf of bread made with American flour, an English artisan need only work for a fraction of an hour. An Austrian or German artisan must, for the same real reward in foreign food, work for several hours. Even so the problem of payment is not solved. Hitherto Germany has imported foreign food* partly by using up her scanty reserves of gold, partly by running into debt, and partly by

* Referring to this importation of food by Germany, the "Economic Survey" of the Department of Overseas Trade describes it as necessary, and yet as "a course which she cannot afford to take" (p. 35).

exporting coal, to which, in strict law, the Allies had a prior claim. If ever she settles down in earnest to pay the indemnity in the measure which the Allies contemplate, it is hard to see how she can afford to spend anything on the purchase of foreign food.

What then will become of the fifteen millions who lived in pre-war days by exchanging their manufactures for foreign food? Mr Hoover gave one possible answer, when he said that twelve millions of the German race would have to emigrate. That is a soothing way of stating the facts. They cannot emigrate. The whole of the Allied world is closed to them, and even the United States has shut its doors for four years. Latin America and Russia are the only possible fields for emigration. The scarcity and dearness of shipping forbids, if there were no other reason, any mass emigration in a short space of time to South America, though on a small scale it has begun, and will probably increase. Russia would welcome emigrants from the skilled Socialistic town-workers, but that also can be only on a small scale, while her own food difficulties continue. If emigration provides no early solution, there remain only two alternatives, the reduction of the popula-

tion by death and the restriction of births, or else the lowering of the whole standard of life. Either the German race will diminish by some figure not far short of these twelve or fifteen millions, or else it will struggle to subsist on siege rations, sinking in the process to an elementary level of civilisation. Where bread is short there can be little cultivation of the things of the mind. That is at present a fair statement of the case of Central Europe, and there are Allied Statesmen who contemplate it in cold blood as a permanent consequence of the war. Mr Benes, the Foreign Minister of Czecho-Slovakia, said publicly the other day that Vienna is destined to lose half its present population. Populations do not expire by the million painlessly. The mental and physical agony which Vienna will go through before it has reached a level consistent with Czech ambitions, means a hell more prolonged and more horrible than the war itself. It is not the survival of the fittest which this hideous process promotes. Feudal and Agrarian Roumania, against whose name there stands in the records of civilisation not one entry of one solitary achievement in letters, science, or the arts, will thrive and multiply. It is the science and the music of

Vienna, which gave us, this one city, from Haydn to Brahms, more than half the world's treasure of sound, that the settlement has doomed.

Coal.

One might state this whole problem of population in terms of coal.* It was the abundance

* As this book is passing through the press, the Spa Conference has come to an end (July 1920). It has, in a somewhat furtive way, begun to whittle away the Treaty, and has inaugurated a somewhat more human relationship between victors and vanquished. None the less, the era of naked force is not ended, for the signature of the Germans to the "Agreements" was obtained only by calling in Marshal Foch, and threatening the occupation of the Ruhr. I remain sceptical of the ability of Germany, in the present state of the class war, to carry out an impartial disarmament.

In the vital matter of coal the absurdity of the tribute fixed by the Treaty has been recognised, and the amount reduced from 40,000,000 to 24,000,000 tons per annum. This figure is still far above that of the loss suffered by France through the wrecking of her mines. The Treaty put this at a maximum of 20,000,000 tons annually, but the whole average pre-war yield of these mines seems to have been only 9,000,000. That is more than covered by the yield of the Saar mines (13,000,000). The Germans contend (I quote without either endorsing or questioning their figures) that even this reduced tribute will prevent the recovery of industry, for which, they say, there will remain available only 29 per cent. of the pre-war supply of industrial coal. The Agreement, while offering a loan to Germany on the security of the coal delivered (to me, an unintelligible transaction), fixed the price at which it will be reckoned towards the indemnity, with a flagrant lack of equity. The world's market

of coal in Germany as in Great Britain which underlay their industrial prosperity, and enabled them to feed a population far in excess of their internal food resources. Coal means wealth and power, and the *motif* of coal runs through all the jangled music of the war and the settlement. The fixed purpose of German capitalistic militarism, was, while its hopes ran high, to annex the northern coal-fields of France, and to control the mines of Belgium. The plan was even worked out in a Memorial presented by German industrialists to the Chancellor, by which an indemnity, to be levied on France,

price is over 120s. per ton. Instead of this, the coal will be valued at the artificial German price of about 30s., plus 5 marks. That means the quadrupling, more or less, of the time and effort required to pay the indemnity. The Ruhr miners, meanwhile, are working eight hours ten minutes daily, and are to be asked to work a further ninety minutes—almost a ten-hour day.

Meanwhile, the German unemployment figures have shown a sharp rise during the summer. The "Economic Review" of our own Department of Overseas Trade recognises (p. 37) the coal shortage, "the complete lack of raw materials in almost all industries," gives a list of important factories temporarily closed down, and (p. 42) states that the foreign trade of Germany is "at present practically negligible."

The latest obtainable official figures (February 1920) of the German food rations show that, even now, they are still only approximately half of the physiological minimum. About 3000 calories, of which 60 should be fats, are required daily by a healthy adult. The German civilian food cards supply only 1545 calories, of which 25 are fats.

would cover the cost of purchasing these mines.* When these hopes finally vanished, Ludendorff wrecked the French mines. The purpose of that destruction was not military ; it was done in order to lame the industry of a rival. Those who did it must have been foolish enough to suppose that they thereby assured to their own coal-owners and exporters the profits of the European scarcity which would result. Capitalism, once more, aims not at plenty but at profit. That was the first act in the continental tragedy of coal, which is not yet completed. The scarcity of coal, due firstly to Ludendorff's vandal act, followed at once, but it is not German capitalism which has profited by it. It has brought a rich harvest of gain to our own coal-owners and shippers. While we expressed our just indignation at the destruction, and were prodigal in our verbal sympathy with France, we acted under the prompting of the usual capitalistic motives. We charged the French 115 or even 130 shillings a ton for coal, nor was this merely the act of a greedy industry. Coal was controlled all the while, and the Government actually reduced the price to the home consumer

* There is no evidence that responsible German Statesmen adopted these plans.

last winter by ten shillings a ton, and made up the loss by profiteering at the expense of our Allies. To Italy, when freight was added, we even sold our coal at over £12 a ton. In Vienna meantime, while the tramways stood still and the schools were closed for lack of coal, the people were cutting down the superb wood outside the city which had been its pride and delight, and staggering back, half starved as they were, under their loads of timber over long miles of streets.

The Peace Treaties more than reproduce the worst of the German plans in regard to coal. Though the ambition of France to annex the Saar territory outright was successfully opposed by Mr Wilson, she has obtained its valuable coal-mines as a perpetual possession, and she will occupy the territory for fifteen years. The fate of Silesia is still in doubt. It has been assigned to Poland, with the whole of its coal deposits, but a plebiscite has still to ratify this decision. The majority of the population is certainly Polish by race, but the territory had never belonged to Poland; the people had been to some extent assimilated, and the figures of recent elections never yielded a majority under

manhood suffrage for the Polish nationalist candidates. Poland has been allowed to annex in Posen and West Prussia big German minorities, which will give her over two million unwilling German subjects. There is something to be said for the argument that it would be only fair, by way of compensation, to leave Upper Silesia, with its indispensable coal and its Polish inhabitants, to Germany. Again, the decision to draw the frontiers of Czecho - Slovakia, not on racial but on historical lines, is one of the main causes of the ruin of Vienna. A good deal of the coal of Bohemia and Moravia is found on the fringes of these provinces, which have a German population and are easily detachable. Many of these mines are owned by German-Austrian companies and worked by German-Austrian labour. They ought by rights to have fallen to German-Austria. The policy of the Czech State is to build up its own industrial predominance at the expense especially of Vienna, and for that purpose it has ruthlessly restricted the export of coal, and thereby lamed not merely those Austrian industries which depended on coal for power, but also the production of steel

from the ores of which Austria has a fair supply.

These annexations of coal basins at the expense of the German race would have been sufficiently serious if they had stood alone. The Treaty adds, however, provisions for the levying of a specific tribute in coal for the benefit of France, Belgium and Italy. In so far as this is intended to make good the destruction of the French mines by Ludendorff, it is just. The coal tribute goes, however, far beyond that reasonable limit. That just reparation accounts for 20,000,000 tons annually, and this quantity will diminish, as the French mines are gradually restored. The loss to Germany, apart from this first charge, amounts (1) to 14,000,000 tons, the yearly pre-war yield of the Saar and Alsace-Lorraine mines; and (2) an average tribute of 25,000,000 tons annually to be paid, in addition to the levy for reparation, to France, Italy and Belgium. (3) If the Upper Silesian mines are also taken, that will involve a further annual loss of 43,800,000 tons. It is true that the Treaty secures to Germany the right to buy this coal from Poland, but even if she actually gets the coal, the purchase will affect her trade balance. The net result,

when allowance is made for the fact that Germany in her diminished area will require less coal than before the war, is reckoned by Mr Maynard Keynes to be that Germany will need 110,000,000 tons annually, if she is to maintain her existing industries, but will in fact have at her disposal an average of only 60,000,000 tons, and in the first years of the peace only 55,000,000 tons. In point of fact the production in Germany has fallen off even more seriously than he estimated, owing partly to the dilapidation of mining machinery and material during the war, partly to the decline in the physique of the miners, due to under-nourishment, and partly to the political unrest which affects all German and indeed most European workers. One need not spend many words in forecasting what the condition of an industrial country must be when its coal supply is reduced to one half.* The inference is clear that German industry cannot possibly recover anything like its old productivity. It will be barely able to supply the internal market with

* "Germany is suffering from a complete lack of raw materials in almost all industries. Production is further hampered by the shortage of coal as well as by the serious depreciation of machinery." "Economic Survey" of the Department of Overseas Trade, p. 37.

necessities, even if the level of comfort sinks to that of the more primitive populations of Eastern Europe. It can produce very little for export, and the coal itself, with its by-products, will be almost the sole contribution of Germany towards the indemnity.

The Indemnity.

Of the indemnity itself, regarded as a sum measurable in thousands of millions sterling, it is superfluous to say much, for the brilliant and lucid book of Mr Keynes has treated this whole subject with unrivalled authority. The whole basis of the assessment has been dishonest from the start. When Germany laid down her arms and accepted an armistice which deprived her of all further power of resistance, she by no means surrendered unconditionally. She surrendered on the basis of the Fourteen Points, subject, of course, to the reservations which the British Government placed on record. An honest reading of the Points and the letter of reservation makes the German Government liable for the restoration of the ravaged districts, and also for losses suffered by civilians in such episodes of the war as the submarine campaign

and the air-raids. But to add to this, as the sophistical Allied lawyers have done, a liability to pay for the allowances and pensions disbursed to the civilian relatives of soldiers, was to make a use of our power to dictate, which no fair-minded neutral Court would be likely to sustain. It is hard to say what the total of an indemnity based on the admitted liability for devastation and for damage done to civilians should amount to. Mr Keynes suggests a total of 2,000,000,000 sterling, less £500,000 paid already in kind. This would mean, without interest, an annual sum of £50,000,000 for thirty years. His estimate of what Germany could afford to pay was based, however, on conditions which are unlikely to be fulfilled. He assumed her restoration to her rights as a trader in the world's market, the sparing of her big and profitable enterprises abroad, the reduction of the coal tribute, an arrangement which would give her access to the iron ore of Lorraine, the creation of a Central European Customs Union, and the floating of a great international loan to stabilise Germany's currency and enable her to purchase raw material. How near the Allies will yet come, after a year's delay to these conditions, we may know after the Spa meeting.

Writing without that knowledge I find it hard to believe that, even after a further interval of two years, Germany will be able to pay any indemnity worth counting—apart, that is to say, from some coal tribute and the indemnity of over 500,000,000 sterling, which she has paid already.

The available data make it clear that any estimate of her future capacity to pay anything whatever are widely speculative, and gamble on the chances of a brilliant and rapid recovery, of which there is no sign. The Budget of the German *Reich* for the present year shows a revenue on paper (by no means likely to be realised) of 28 milliards of paper marks. The taxation is mainly direct, and includes not merely a steeply-graded income tax and succession duty, but also a levy on war-wealth, and in addition a general levy of capital. This taxation is hardly capable of much increase, and it accounts already for much of the violent discontent of the middle and upper classes. What the total national income of Germany may be, one can only guess. Before the war, in 1913, it was 43 milliard marks. The official figures for 1918-19, on which Herr Erzberger based his daring Budget, gave 48 milliards, including both

taxed and untaxed incomes, with a margin for concealment. The real income may not have risen in the interval, but the nominal income probably has risen, as the mark has fallen. On a rough guess it is possible that the present national income of all Germany may be 60 milliards of paper marks.* Of this half is taken in taxation (for the State and municipal taxes have to be added to those of the *Reich*), an enormous and unparalleled proportion. With all this taxation the Budget does not balance. The deficit for the present year was estimated by the Finance Minister, Dr Wirth, at 50 milliard paper marks. Germany, in plain words, is bankrupt. How, from a deficit like this, the Allies can obtain their minimum yearly indemnity of £150,000,000 in gold (equal to about 30 milliards of paper marks) is a puzzle which might have engaged the promoters of Laputa.

Practical men have long ago dismissed the German indemnity as a vain imagining from their thoughts. If the Germans can pay nothing, they incline to say, then we shall gain nothing, but neither will they lose. That is much too simple a view. They have paid something—the

* The mark was about 200 to the £1 when this was written. It has since risen.

tools, in the shape of ships and locomotives, with which they might have recovered their productivity. They will continue to pay something—the coal which might have driven their idle mills. Worst of all, the attempt to extort an impossible and unjustifiable indemnity will have its disturbing effects, political, psychological and economic, upon the whole life of Germany and of Europe. It may break the springs of enterprise and work in Germany itself. Men are not bees, who will continue to labour when all the honey is taken from the hive. Above all, the attempts to extort this tribute by threats of coercion will make French militarism the shaping force in the politics of Europe. Step by step, first in our relation with Germany and eventually in our relation with Russia, we shall become the armed bailiffs of Europe, standing with our weapons in our hands, to exact a debt, repugnant to conscience and common sense, from two hundred millions of civilised men.

The indemnity is the form which this tribute takes in the case of Germany. Against Russia, France cherishes relentlessly her claim for the repayment and recognition of the gigantic public debt of Tsarist Russia, which the revolution repudiated, and to that must be added the

colossal indemnities due to foreign companies which owned factories, iron-works, oil-wells and mining concessions. These claims are all doubtless good in the eyes of the law, but even at law the Russian Republic might build up a formidable counter claim. Our breach of neutrality in the American Civil War, when by mere negligence we allowed the armed cruiser *Alabama* to sail from the Mersey in the service of the South, cost us, when the case went to arbitration, a fine to the victorious North of three and a quarter millions sterling. At what sum would a neutral Court assess the fines and damages due from us, and from most of the Allies, for our open and deliberate breaches of neutrality, by blockade, bombardments, military expeditions, supplies of munitions and direct subsidies given to the defeated party in the Russian Civil War? Set on one page of the ledger the losses of investors and bond-holders, and on the other the agony and impoverishment, the disease and the slaughter due to our blockade and our intervention, and we may doubt whether the reckoning would show a balance in favour of the Allies. By the pursuit of one claim or another, Western capitalism is placing itself in a relation of creditor, rent-receiver, and tribute-taker towards the two

impoverished Republics of Germany and Russia. These two hundred millions of men will be made to feel that they are the debt-slaves of the eighty-five millions of the two Western Allies. Eventually they may come together and eventually they may revolt. These claims for debts and indemnities are a terrific charge of political dynamite under the flimsy international structure of Europe.

Exploitation.

The annexation of valuable territory, the levying of a coal tribute, the destruction of German world-trade and the imposition of an indemnity, are not the only methods by which the victorious powers have sought their own economic advantage at the expense of the vanquished. Rather tardily, a more intimate process of direct exploitation is commending itself to some financial groups in the Allied countries. When a backward country beyond the confines of Europe is conquered, we know what to expect. The capital of the victorious power will go there to "open up" the country. It will carry out engineering works, develop the raw materials, and start industries, if the local labour is abundant and tractable, and in all these undertakings it will profit by the

difference in the standard of life between Western and Eastern labour. A curiously similar process is now going on in Central Europe. These countries are ruined, and yet they still possess immense assets. The factories may stand idle, but they are well equipped. The workers may be unemployed and half-starved, but they retain their technical skill, their manual deftness, their high level of education. There are severe limits to the gains to be won from exploiting coolie labour. The Asiatic factory hand may be content with a ridiculous wage, but, on the other hand, he can mind only one machine (it even takes two Chinese weavers to mind one loom), where a Lancashire weaver can watch four, or even six. The fall of the Central European exchanges made available a supply of labour hardly dearer than that of coolies, but in industry, education and skill as good as the best at home. In a privately circulated Memorandum sent out to English financiers in the hope of interesting them in a syndicate formed to do business in Austria, the statement was made that, measured in Kronen, the labour of a skilled metal-worker costs in Austria 700-800 Kronen a week, while the same degree of skill will fetch the equivalent of 5000 Kronen in England and 12,000 in the

United States. As the Department of Overseas Trade states in its official publication,* the wages of this high-grade labour are in Austria only 2d. an hour. Add to this the fact that going concerns can be bought with the exchange fantastically in our favour, for the Krone, even after the recent rise, is still going at over 500, instead of the normal 25 to the pound. The meaner sort of speculators settled like ghouls on the prostrate bodies of Germany and Austria immediately after the armistice, and bought up jewellery, furs, art treasures, and such remnants of exportable stocks as they could find, on the basis of this exchange. They were followed by more serious financiers, at first chiefly French and Italian, who acquired the hotels and the bigger restaurants, and began to "penetrate" the banks. The one big steel works in Austria went to an Italian syndicate; France is said to be in treaty to acquire the Hungarian State Railways. A British trust is acquiring the steamship trade of the Danube. Several American firms have made their appearance in Vienna with an eye apparently on the textile factories of Austria. This foreign capital claims the same favoured

* "Economic Survey of Certain Countries Specially Affected by the War," p. 52.

position in the eye of the law to which it is accustomed in Turkey and other Oriental countries. It will be exempted from the Austrian capital levy, and some American firms are said to have asked (I do not know with what success) for exemption from the law which sets up an elected Works Council in every factory. In Germany the process goes more slowly and encounters some patriotic resistance, but none the less one usually finds in any German newspaper opened at random some item of news which reports the penetration of American, Dutch or British capital in some textile, or electrical or banking concern. As yet the more usual form of this foreign participation is on the commission basis. The foreign financier supplies raw materials to the German or Austrian factory, and receives them back as finished products, less a percentage which covers the labour costs and the manufacturers' profit. As the labour and the manufacturers' charges are paid in marks and Kronen, while the product is sold for pounds or dollars, it will be obvious that these commission transactions may be very profitable.

It would be a mistake to speak harshly of these ventures. They are welcomed by Viennese opinion. They are bringing work to a desperate

and unemployed population, and that is an inestimable gain, even though the foreign capitalist is hiring labour at a price below the world level of bare subsistence. But for these easily-criticised transactions the tragic children of Vienna would be even nearer to nakedness and starvation than they are to-day. It is probable, also, that some of the financiers who are leading these enterprises are acting under a genuinely philanthropic motive. None the less, the whole process, which no single brain has consciously planned, reveals the subconscious working of a capitalist statecraft in its fatal logic of exploitation. First, by the unduly protracted blockade, and then by the merciless peace, these countries are ruined and dismembered. The exchange reflects the hopelessness of their future. Comes a moment when influential voices are raised to implore American support for an international loan to enable them to restore their currency and purchase raw materials on their own account. The answer comes back that their restoration must be left to "private initiative." It steps in, buys up what Allied policy has cheapened, and thrives upon the ruin. The Good Samaritan is at work. He pours in oil and wine at a profit. One might

suspect him of collusion with the other persons in the parable.

It is hard to say how far this "penetration" of Central Europe is destined to go. The dislocation of transport, the wild and sudden variations of the Exchange, and the risk of revolution seem to hold it in check at present. There are observers in Vienna and Berlin who believe that all Central Europe will become economically an Allied "colony," in the sense that India is "run" by British capital. At least the beginnings are apparent, which might lead in the Danubian States, at any rate, to that result. If that should happen, two curiously contrary consequences may follow. In the first place, this capitalist influence, gradually acquiring a big stake in Central Europe, may begin to counteract the cruder and more oppressive influences at home, and to plead for a milder treatment of the vanquished. Secondly, as the native capitalist class finds itself elbowed out by foreigners, it may, from its own national standpoint, incline to make common cause with the working class in a social revolt against capitalist exploitation, all the more odious because it is foreign. These are remote speculations. The fact is that victorious capital is beginning in

some degree to apply its familiar colonial technique. A foreign element has been thrust into the economic life of Central Europe, and the reactions, political and social, may be unpredictably complex.

CHAPTER IV.

How will Europe React?

Defeat and a dictated peace impose passivity on the vanquished population. To attempt any action to better its own lot is at once impossible and inexpedient. The shock of defeat paralyses for a time; the means of action, whether military or economic, are lacking, and prudence suggests that any movement may excite the suspicion of the conquerors. This phase of passivity, however, will give way to action as the months and years go by. No white people will acquiesce in a sentence of helotry, and if it feels that the political and economic conditions imposed upon it are fatal to its progress, to the maintenance of its former level of civilisation, or even to its survival, it will attempt, or sections of it will attempt, to grapple with its fate. The more intolerable these conditions are, the more reckless will be its movements of protest. It may be difficult to imagine a renewal of war

on the scale and in the style of the struggle which ended in 1918, but revolution is possible, and in the condition of semi-disarmament and political fluidity which is that of all Central Europe, even small forces of armed men imperfectly equipped for regular warfare may produce a disturbing effect. If it is true that the vanquished are in no position to place in the field millions of conscripts, it is also true that the victors are in no condition to mobilise again. What a semi-regular army of Turks does to-day in Asia to defy the Peace Treaty, might be attempted, first, perhaps, by the Hungarians, in Europe to-morrow. Men will not lie down passively to die, and the lack of bread is a spur which will always prompt virile races to desperate action. As the original stocks which peopled our Continent in the dark ages by their wanderings in search of corn-lands and pasture battled under the stress of need, so men may break out from this over-populated penfold of Central Europe in search of the modern necessities, coal and iron ore. The wars of the immediate future will be hunger-wars. What else is the present struggle between starving Poland and starving Russia for the rich corn-lands of the Ukraine?

There are, speaking broadly, three paths among which the defeated peoples may choose a road from their present miseries: First, social revolution, implying an alliance with Russia; then social reaction, with its implications of militarism and an eventual war of *revanche*; and thirdly, as a middle course, liberal or semi-Socialist democracy, with a programme of peaceful reconstruction and hard work. Though it is the tendencies towards one of these extremes which have attracted most attention, one should not forget that in Germany, in Austria, and even for a few months in Hungary, it was the middle road which the majority trod. The prevalent current of thought was liberal. Each of these three States became a Republic, and both Germany and Austria adopted an elaborately perfect democratic constitution, with all the latest improvements in the shape of women's suffrage and proportional representation. The ideology of the League of Nations was fashionable. The governing Coalition sought a solution of social problems by various Socialistic compromises. Elected Works Councils were set up on a statutory plan. The eight-hours day was enforced. Plans were considered and promises given to socialise coal-mines. The adop-

tion of republican democracy had been all but dictated to Germany by President Wilson in the exchange of telegrams which led up to the armistice. It was understood, and indeed in some speeches both Mr Wilson and Mr Lloyd George had plainly said, that a "democratic" Germany might hope for better terms than a defiant "autocracy." These promises were shamelessly broken. It would have been impossible to treat the Hohenzollerns and the Hapsburgs more harshly than the three democratic republics were treated which had hurled them from their thrones. The result was that the middle course fell into discredit. Men ceased to believe that democracy, peace, gradual social reconstruction, high taxation and hard work would lead to a tolerable existence. Hungary was the first to throw over the democratic parliamentary regime adopted under Count Karolyi. She has passed, through a brief period of communism, into a violent "white" reaction, monarchist, clerical, anti-Semitic and militarist. Central Europe learned, moreover, even before the peace was signed, that the Allies are not all of Mr Wilson's way of thinking in preferring to deal with democratic Republics. "White" Hungary under Admiral Horthy had

better treatment from the Allies in general and from Britain in particular, than Republican Hungary had enjoyed under Count Karolyi, though no one could doubt the sincerity of his pacifism, his advanced liberalism, and his opposition to Prussianism during the war. It is, moreover, the general belief that French diplomacy favours the restoration of monarchy in Central Europe either under a Hapsburg in Vienna or under a Wittelsbach in Munich. The second general election in Germany measured the change which a year's experience of peace with semi-starvation had brought about. The moderate Coalition, which had Liberalism and the golden mean for its programme, lost its majority. The revolutionary Socialist "Left" quadrupled its representation. The two reactionary parties of the "Right," which had polled together only 15 per cent. in the former election, doubled their numbers in the Reichstag. This vote meant that, alike for the middle class and for the working class, life was rapidly becoming unendurable, and each sought the way of escape in violent change. The moderates, from the Majority Socialists to the Catholic Centre, are still just short of being half the population, but they have lost confidence, faith

and prestige. It is from timidity, or habit, and no longer from hopeful conviction, that they adhere to the golden mean.

The Social Revolution.

Is social revolution then still a probable, or even a possible outcome of this desperate condition in Central Europe? Before the war very few of us believed in its possibility. Events in Russia, in Hungary and in Munich have shattered that scepticism. It is a possibility under certain conditions, and the business of an analytic student of contemporary tendencies is to discover whether all these actual conditions were essential, and whether they may recur.

The study is inordinately complex, for psychological considerations cross the economic factors in the most baffling way, and one has to consider not merely the strength of the positive forces which make for revolution, but also that of the negative forces which resist it. The economic misery in Poland, for example, was much worse throughout 1919 than that of Hungary. In both countries the larger part of the population was under the influence of Catholic and conservative habits of thought.

In Poland, a revolution seemed unthinkable, because, in spite of poverty, bankruptcy, hunger, unemployment and typhus, the general mood was one of elation and hope. The Polish nation had risen from the grave: it reckoned itself one of the world's victors: it believed that a brilliant future of glory, expansion and power lay before it. It contrasted the gloomy past with the dazzling era to come, and felt able to endure the uncomfortable present. In Hungary, on the contrary, as in all the defeated countries, a glorious and satisfying past had been suddenly shattered. Gone were all magalomanias of Empire and patriotism, the illusions of national grandeur which had helped to sustain the old fabric of a half-capitalist, half-feudal system. There is much truth in the epigram attributed to Marshal Foch, that "Bolshevism is a disease of the vanquished," but plainly it has lost a little of its truth with each week that has followed the victory. Disillusion has come promptly to Italy, and it may follow elsewhere.

The second of the conditions which made revolution possible was the disappearance or the disaffection of the army. The demoralisation of the Russian army had begun long before

the first revolution, and men were deserting in hundreds of thousands while the Tsar still reigned. By the time the Bolsheviks made their *coup d'état*, the army had become useless whether for offence or defence or for police. In Hungary as in Germany the demobilisation had been so rapid that it resembled a dispersal after defeat. There remained no organised force during the winter of 1918-1919 on which a moderate Government could count to resist revolution. This was, as we shall see, in both countries, a temporary condition, but it was indispensable to the success of a violent revolution. The belief current before this war, that the superior armament of modern armies had made revolutions obsolete, was true in the main. But defeat, when the soldiers believe that the disaster is the fault of their own ruling class, may turn conscript armies into an instrument of revolution. The positive aid of part of the army in the capital was a factor in the overthrow of the Kaiser and the Tsar. The fact that no trustworthy troops could be collected in time to resist the dictatorship of the proletariat was essential to the success of Lenin and of Bela Kun. Neither of them, in the early days when they made their stroke, could have collected

"red guards" enough to deal with even one division of disciplined, reliable, regular troops under resolute commanders.

The moving cause of revolution, which attained its result, amid the collapse of the "bourgeois" ideology, and in the absence of armed resistance, was, of course, the economic misery of the proletariat. The revolution was the direct outcome of the bread queue. One must note, moreover, that in both Russia and Hungary this economic misery had come to the most active part of the proletariat somewhat suddenly. The war, with all its dangers and hardships, had none the less accustomed the young men of the labouring and poorer artisan and peasant classes to a standard of living decidedly better than their own. They ate meat daily and were not only well fed but well clad. They quitted the army to share the sufferings of the civil population under the blockade. With the sudden closing of the munition factories half Budapest (one may say even half Central Europe) was unemployed, and it lived on doles, which lost a little of their purchasing power each day, as the blockade was tightened after the armistice. The miseries of the housing problem counted for more than

any other single factor in Budapest, and they everywhere played their part. The housing conditions in Budapest were always execrable, and owing to the influx first of munition workers during the war, and then of Magyar and Jewish refugees from the ceded territories after the armistice, the normal population of the city was doubled. People were sleeping in the slums twenty and even thirty to a room.

The war had in many other ways fostered revolution. Conscription tended everywhere, even in England, to break up small businesses and to close little shops, whose proprietors were drawn into the army. On the Continent much less care was taken to spare these small interests. These middle-class men found themselves on demobilisation without businesses, without prospects and often without homes. The parallel fact was an acceleration of the normal tendency to the accumulation of capital in big businesses, and the spectacle of the insolent wealth of these war-profiteers worked in a provocative way upon the minds of men already disturbed by the loss of their old standards of comfort. Again, the intellectual workers, from the doctors to the clerks, had suffered relatively much more than the manual workers from the depreciation of the

currency. They could no longer clothe, feed or educate their children as the standards of their class required. Many of them were in pitiable want, and all of them felt themselves sinking to a proletarian level. They went over in shoals to the Socialists, and in Berlin the bank-clerks even conducted a strike for the right to join the Workmen's Council. Men who feel that their savings have become worthless, that the money in their pockets has lost its purchasing power, men who own only the one suit of clothes on their backs, and see their children going about in patched and threadbare dresses, are not likely to bring out their rifles for the defence of the old order of society. The working of these economic and psychological causes of revolution was enhanced by the mental condition of the peoples whose nervous system had been starved by years of underfeeding. Thinking was feverish and active. Disaster had made a vacuum in men's minds, and in their overwrought condition only a violent stimulus, a call to action on a grandiose scale, a promise of a new world, could have moved them. The hope of communism came to a neurotic society, bankrupt in everything but this last speculative hope.

Some of these conditions which explain the

revolution in defeated Russia, Hungary and Bavaria are still general throughout Central Europe. There is no improvement in the economic conditions. There is no alternative hope, unless it be a militarist reaction. None the less, there have been changes of a very far-reaching kind, which may make further successful revolutions improbable. In the first place, when one lays stress upon economic misery, and in particular upon the lowering of high standards of living, as a cause of revolution, one implies that a social revolution promises a comparatively rapid improvement at all events for the industrial proletariat. A people may make a revolution in sheer despair, even if it has no certainty of an early improvement in its lot, provided that it acts promptly in the first hour of its crisis. Delay brings reflection, and the experience gained in the interval may have brought the knowledge that the dictatorship of the proletariat cannot promise any early improvement in its material conditions. Whether a Communist State, if it were brilliantly organised and could command internal supplies of food and raw materials, could raise the productivity of industry up to, or above the capitalist level, remains a speculative question.

No clean scientific test of this all-important question has been allowed. A great part, perhaps the major part, of the disorganisation and suffering which Russia and Hungary have undergone, must be attributed to war, civil war and the blockade. Friends may assert, opponents may deny that Lenin and Bela Kun could have raised the level of comfort of the town workers, if the Soviets had enjoyed peace, and had been permitted to trade abroad. Neither opinion can be demonstrated conclusively. The fact remains, however, even if one puts the chief blame on civil war and the blockade, that such accidents are to be expected when one makes a revolution. Socialists in Germany expected that if they followed the Russian example, the British blockade would be applied to them also. Vienna, though it had better reasons for desperate action than any other city, knew very well that revolution would involve the total stoppage of its imported food supply. Agitators may promise that revolution means sudden betterment, but serious thinkers who believe in the Dictatorship postpone their hopes to a rather more distant date. One can get little more than luxury goods by expropriating the possessions of the rich. Even their dwellings

cannot be converted easily and rapidly into homes for the working-class, if building materials and furniture are short. The old revolutionary school hoped for revolution in one of those crises of over-production and unemployment, which were more severe and frequent in the last century than they are likely to be again. Then there would have been surplus goods to distribute, and the machinery of production would have been intact. If one makes a revolution after war, there is no surplus of goods nor is industry intact, and yet it is only after war, and then only after defeat, that a revolution seems to be feasible as a military undertaking. If a revolution follows a prolonged social conflict, marked by constant strikes, *sabotage* and the tactics of "ca' canny," the workers will have lost their productive discipline, and both in Russia and in Hungary it has been found difficult to restore it. Shock tactics may upset the power of a capitalist class, but they do not uproot the capitalist mentality, the inculcated habits which respond to gain as the only adequate stimulus to effort. The Socialist State, when it seems to have won its battle by a sudden revolution, is really only at the beginning of its struggle with the surviving mind of the

capitalist order. Even under the most favourable conditions, if it escaped war, civil war and the blockade, some years might pass before it could hope to organise production so successfully as to raise the town-workers' standard of life. In an able and objective book,* written after his experiences as Chief Commissioner for Production in the Hungarian Soviet Republic, Dr Eugen Varga (a former University Professor), declares very frankly that the summons to revolution is, even for the industrial workers, a call to self-sacrifice. One is reminded of a religious summons to a difficult life of abnegation.

Town and Country.

One may invent many reasons to explain after the fact, what none of us would have predicted, the success of the Social Revolution in Russia, and as yet in Russia alone. Nowhere in Europe does the industrial proletariat form so small a percentage of the population, yet this industrial proletariat alone made, and in spite of dwindling numbers, still sustains the revolution. Some partial explanations are possible; one may dwell

* *Die wirtschaftspolitischen Probleme der proletarischen Diktatur.* Wien, 1920.

on the numerical weakness of the Russian middle class, and its political immaturity. One may point out that Russia had escaped those formative centuries from the Reformation downwards, which in Western Europe have made of the "bourgeois" Liberal tradition an engrained mode of thought, from which even Socialist workmen can hardly free themselves. Again, given the evident incapacity, as leaders in a time of stress, of the moderates of Kerensky's school, there seems to be in Russia only two real alternatives—Bolshevism or Tsardom. Any "white" counter-revolution led by the soldiers, officials and land-owners of the old regime, will infallibly attempt to restore the old land-owning system, or will at least be suspected of intending to restore it. But perhaps the chief reason why revolution was possible in Russia, in Hungary, and even for a moment in Bavaria, is that these countries alone among all defeated nations in Central Europe are capable of feeding themselves. When once the revolution was achieved, however, experience showed the inordinate difficulty of dealing with a backward peasantry, and until Russia has overcome that difficulty, one cannot say with certainty that the revolution is stable, even there.

The war and the blockade began a transforma-

tion in the relation of town and country all over Central and Eastern Europe, which has deeply affected its political history already, and may be the determining factor in its future. If we had been asked, before the war, to define the normal economic relation of country and town, most of us would have answered that it is an ordinary relation of exchange. The country produces food and sells it to the town in exchange for manufactured goods. It was in reality much more complex than this simple statement suggests. The country really existed in a tributary relation to the town. Farmers and peasants paid rent, interest on mortgages and national taxes, and however the payment was disguised, the concrete fact is that they paid these obligations ultimately in kind. Rent, interest and taxes really went, through one channel or another, in the form of grain, meat and vegetables to the town. The relationship closely resembled that between an industrial country (say England) and an agrarian country (say Argentina). Argentina pays to England in grain and meat not merely the equivalent for the manufactured goods which we send out in any one season, but also a rent for the capital which our finance has sunk there. So in the case of town and country. An analysis

of the values exchanged between a city and its rural districts would show, if statistical measurement were possible, that the city received much more than it gave out. It received, firstly, the food equivalent in barter of the clothing, furniture and tools which the farmers and peasants actually consumed, and, secondly, the food which covered rent, interest on loans, taxes, lawyers' fees, higher education, and many similar services performed by the town and the Central State machinery.

The war and the blockade began to alter this balance. Food became scarce and dear, and even the sharp control and the fixing of maximum prices could not prevent the farmers and peasants from "profiteering." They grew rich out of scarcity, and accumulated money. At the same time rents, taxation, interests on mortgages and even the cost of the town's professional services remained nominally at or near the old figure. There was in Central Europe no attempt to pay for the war by taxation, and of course pre-war loans and rents remained at the old level. In reality, as the currency depreciated, they fell to a merely nominal figure. Everywhere farmers and peasants began to pay off mortgages, or to buy

their land. The result was that the regular tribute paid by the country to the town nearly disappeared. In part it was wiped out. In part it was still exacted, but in marks or Kronen, or roubles, which had sunk to a fraction of their former value. The Russian peasant might still pay the old tax measured in roubles, but he no longer paid the same measure of wheat or rye, or even an appreciable percentage of it. That is a universal phenomenon in Europe, and, as a consequence, half-starved towns everywhere confront an opulent countryside. The country no longer pays the old tribute to the town, and the town goes short by the amount of this surplus which it had formerly exacted.

Nor could any voluntary exchange of goods replace this old involuntary rent. The town produced much less than before. Paper money would buy little or nothing, and the peasants became increasingly reluctant to accept it. In Germany, Austria and Hungary the town lived in the last years of the war and the first year of peace largely by the illicit "knapsack trade." Townsmen went out into the country and carried back meat and meal or vegetables, which they obtained largely by bartering their own

accumulated superfluities for these necessities. A glance at the advertisement columns of an Austrian newspaper will still show evidence that the town is exporting its jewels, furs, laces, linen, even its superfluous boots and underclothes, to pay for food obtained directly from the peasants or the smugglers who deal with them. Under cover of the enemy's blockade, the country which had been but lately the tributary of the town, now held its hunger to ransom. Its reluctance to part with food to the town became so extreme, that some even speak of the "blockade" of town by the country.

The country or, to be accurate, the producing peasantry, had in Russia and even in Hungary been oppressed by the town, or by the State which represented the town. The Russian peasant before the war was underfed. The grain which he ought to have eaten was taken from him in taxes and sent overseas to pay the interest on the foreign debt of Tsardom. The first use which the peasants made of their liberation from the former tribute was to increase their own consumption of their own produce. Many observers noted this fact in Russia even before the revolution. A Hungarian peasant was heard to say: "Once I used to eat

my potatoes and send my ducks to market: now I eat the ducks and sell the potatoes." A peasantry which had been left illiterate and uncultivated, felt no new need of the things with which the starving town might still have supplied it. It ate its own surplus. The eastern peasant is to an extent, which would startle us with our experience of our own half-urban villages, independent of the town's produce. He can at need make his own dip-candles, weave his own clothes, or revert to the use of the flail when he threshes.* The reduction of the country's tribute to the town meant very largely that the country had ceased to produce for the town, and met only its own needs.

No country in Central or Eastern Europe, however conservative, escapes this new relationship of the country to the town. Revolution immensely aggravated its inconvenience. The rent, which the country still paid, though only in nominal values, now disappeared altogether. In Hungary (I prefer to speak of the case which I saw personally) the Soviets abolished at one blow rents, interest on mortgages and land tax. The sounder policy would obviously have been to impose a heavy tax on all occupiers of agricul-

* *See* Varga, *op. cit.*, p. 98.

tural land, payable in kind. Thanks to these measures, the town could now live only by exchanging its manufactured goods, and of these it produced not more but less than before. The Soviet Republics also suffered from the conscious hostility of the richer peasants, who now boycotted and blockaded the towns, not merely for economic reasons, but also in some degree from a dislike of their "red" tendencies. The same phenomenon is strongly marked in Austria, where the clerical and conservative peasants regard Socialistic Vienna, mild though its Socialism is, as a Babylon of iniquity, and there are even signs of it in the feeling of the rural districts towards Berlin. It may be an exaggeration to suppose that the country deliberately injures itself a little in order to hurt the goodless town more, but it is certainly true that the peasants, farmers and landlords (where these survive) refuse to regard it as any part of their patriotic duty to make the least effort, or to incur the smallest sacrifice to save the starving towns. Their reasons are mainly economic: the towns have nothing to sell; paper money is not worth gaining; no pressure of rent or taxation compels them to sell. But there may be a touch of sectarian and partisan malice in the indifference

with which the Austrian peasant watches the agony of Vienna.

Another phase in the new relationship of town and country will begin whenever, if ever, the new democratic States begin to break up the big feudal estates of Central and Eastern Europe. This has happened already, I believe, in the Baltic States broken off from Russia. It is happening to a certain extent in Roumania. It is happening also in Czecho-Slovakia, at any rate in all cases where the big landowners are Germans or Magyars. It may happen in Poland, though as yet the Diet has merely passed a rather weak resolution, by a majority of one vote, in favour of the gradual expropriation of the larger estates, in return for full compensation. In Prussia, also, a warning has been given that compulsory expropriation will begin a year hence, unless the Junkers in the meanwhile sell voluntarily. One may doubt whether much will happen to give effect to these threats either in Prussia or in Poland, short of a Social revolution. In Hungary also, the peasants, though at present they may back the "white" counter-revolution, are resolute in demanding the breaking-up of the big estates. Socialism may preach in theory the advisability of the extensive cultivation of

big estates on a communal plan, and may attempt, as it does in Russia and did in Hungary, to realise this system. In practice, however, it seems fated to further the break-up of the big estates in favour of what is virtually peasant ownership. The effect is bound to be detrimental to the towns. In the first place, even where the peasant pays purchase-instalments, he will pay less than his old rent, and thus the tribute to the town is diminished. In the second place, a narrow-minded, ill-educated peasantry, often too ignorant to see the advantages even of co-operative methods, produces on these small estates less than the same land yielded under the former extensive and more or less scientific cultivation of the big landlord. The outlook for the towns seems to be distinctly worse under peasant agriculture than under the feudal system. Politically, moreover, a peasantry which may in some countries, for a time, and for certain purposes, make a sort of fighting alliance with moderate Socialism, until it obtains the coveted land, will become solidly conservative in its voting, so soon as it has got the land. The town loses not merely its old ascendancy as the tribute-taker : it also loses its leadership in politics and polls only its own vote.

The broad fact would seem to be then, that the economic consequences of the war and the blockade include a reversal in the relations of town and country which were usual in modern European States. The country realises its independence, and is economically in a position to dictate to the town. It is an audacious experiment in such conditions to plan a dictatorship of the urban proletariat. One may proclaim it, one may even partially realise it, but Russian experience suggests so far, that even with great address, with all the resources of skilful propaganda and armed force at his command, the proletarian State may be for years at grips with the effective economic dictatorship, unorganised and unintelligent though it is, of the food-producing countryside. One thinks of the primitive Roman political parable of the members and the belly. The Russian Socialist State may eventually win in this struggle, but the object lesson of its difficulties is a severe deterrent to Socialists in Central Europe. The case, however, is sufficiently serious in either event. The German Socialist movement may shrink from attempting a social revolution, because it knows that if it did so, it would be starved by the joint blockade of the Allies and

its own peasantry. But it also knows that if it makes no revolution, it will be slowly starved out by the loss of its foreign trade and the operation of the indemnity. If it could inaugurate a constructive agricultural policy, it might in a few years save itself without revolution. With a sufficiency of coal and raw materials, it could again produce goods to exchange for home-grown food. If it were strong enough to tax the wealthy countryside heavily, as it ought to be taxed, it would stimulate production.* If it had moral prestige, it might educate the peasantry into the adoption of a more social attitude, and organise them for increased scientific production, so as to reduce the need for imports to a minimum. It is as yet too weak, too battered, too dejected, too divided, to do any of these things. The consequence

* Such phrases are easily written, but the mere restoration of agriculture in Central Europe to its pre-war level of productivity will be difficult. What is needed to cover the loss of imported food would be in Germany an increase of productivity by 15 per cent. That must be achieved, moreover, in spite of the loss of Posen, one of the most productive provinces. At present, or rather in 1919, the decrease in the productivity of the soil amounted, according to Professor Starling's official report, to 40 per cent. ("Report on Food Conditions in Germany," Cmd. 280), while the live stock, taking quality with quantity, had decreased by 55 per cent. The chief necessity seems to be artificial fertilisers, especially phosphates, which we have monopolised.

may be a decay of the whole urban civilisation which Europe had based on the industrial system.

The Militarist Reaction.

If revolutionary Socialism in Central Europe seeks a way of escape from the intolerable present by creating a new world, the militarist reaction would restore the glorious past on its traditional foundations. It must fight on two fronts. It is opposed, first and chiefly, to the parties of the Left, which destroyed the old Hohenzollern and Hapsburg Monarchies in the republican revolution, and it thrives largely by trading on the danger that this democratic revolution may be followed, on the Russian precedent, by a plunge into Communism. It is against responsible Parliamentary Government: and it would restore the Monarchy. Its driving motives are a dread, firstly, of the drastic direct taxation of wealth to which the Republic has resorted; and, secondly, of the growing power of organised labour, which has achieved through the statutory Works Councils a share in the control of industry. Its two sections represent in Germany the "heavy industries" and capital generally (German People's Party) and the

Junker agrarian interest (German National People's Party). In Austria the similar forces are on the surface primarily clerical and Catholic. In Hungary their speciality is a savage anti-Semitism, known locally as "Christianity." None of these parties disdain constitutional methods. The Germans under Herr Stinnes (the coal magnate) buy up newspapers wholesale, and have done well at the polls. But, ultimately, all these parties rely on armed force, and aim at a military *coup d'état*, as inevitably as the Communists work for a violent revolution. They have with them the whole of the old professional officer caste, which, besides sharing their politics and the royalist tradition, has also lost a career through the disarmament prescribed in the Peace Treaties. The Army has for the reaction a double importance. It is firstly and chiefly the insurance against a proletarian revolution. It is also the tool which must somehow be kept sharp and serviceable against the day when force may be used with some prospect of success to reverse the ruin and humiliation of the Peace Treaties. A wistful and romantic regret for the glorious past blends with the much harder and shrewder elements of nationalistic capitalism.

It was the Spartacists, whose desperate, ill-calculated attempts at revolution in the winter of 1918-1919 compelled the German Republic to improvise an armed force. The "Free Corps," which Herr Noske raised under old professional officers, were composed of the minority which enjoys war as a trade. These young men were attracted chiefly by the lure of good food and good clothes, but they soon became under instruction, during their bitter feud with the working class, a reliable class army. Republicans were systematically weeded out when their numbers were reduced. Out of these brutalised and reactionary elements a permanent professional standing army has been created, based on twelve years' service with the colours, as the Treaty of Versailles prescribes. In Herr Noske's intention it was mainly, perhaps solely, an anti-revolutionary army. It supported the permanent state of siege through which he governed, and was used to suppress strikes and to intimidate the workers. His idea evidently was to restore not merely order, but the old discipline of work, the former habit of submissive industry, by the dread which its grenades and machine guns inspired. This "white" militarism, whether one studies it in

its savage manifestations in Hungary, where corps of officers, presumably of gentle birth, personally engaged in wholesale executions of untried Socialists, and amused themselves by stripping and violating women and mutilating men, or in the more orderly brutality of Noske's "guards," reveals the change which war has wrought in the mind of civilised Europe. The inhibitions of custom and precept, which in our early years gradually suppress the primitive savage within us, were broken down by the experience of four years of organised violence. Men who before the war would have thought it unnatural and difficult to hurt and injure another, made the discovery that it is really very easy to kill. Every one, from Spartacists to Junkers, now resorted easily, instinctively, naturally, to violence, and in some the lust of cruelty had grown accustomed to periodic satisfaction. The politics of Europe, alike in its class and in its international struggles, will reflect the brutalities of the war for twenty years to come.

When the British and American Governments insisted on abolishing conscription in Central Europe, and set up small professional armies in its place, they were thinking of "militarism"

only in its international aspect. They meant to make Germany impotent for a war of revenge. They failed to see that in the bitter class struggle which prevails everywhere on the Continent, they were placing a weapon in the hands of capital and the Junker class for use against the workers. In England, it is still possible to have a professional army which is, as yet, more or less non-political, because our Labour movement has scarcely begun to raise fundamental issues. We are, as a nation, somewhat indifferent to ideas, and relatively apathetic in politics, as these starving peoples cannot be who live on the edge of the abyss. At our General Election about 55 per cent. took the trouble to vote, as against over 90 per cent. in Germany. An army cannot stand aloof. It will be either Socialistic or reactionary. Under its old professional officers its character is fixed. By far the safer course would have been to have dispensed with any standing army at all, and to have allowed the creation of a citizen militia on the Swiss model. Drawn from all classes and all opinions, it could not have been used to further by violence the politics of any one class. Nor would a militia of this type, with the experience of the war behind it, be likely to

back a policy of adventure and revenge. It is only a small minority which enjoys war for its own sake, but it is precisely this minority which now constitutes the standing army. The issue has still to be decided whether the Allies can enforce the reduction of this army to the Treaty figure of 100,000 men. My own conviction is that the Allies will fail, and that even if Germany complies outwardly, a reserve class army will somehow be maintained and perhaps tolerated in excess of the nominal allowance. It is probably true that a force of 100,000 men is not sufficient to prevent attempts at social revolution in Germany, unless a part of the middle class retains arms and a rudimentary military organisation. In any event the Junkers can play upon that fear. Their further hope, that a day will come when even a relatively small and ill-equipped army may be able to achieve something on the Rhine, is not entirely chimerical, if we continue to squander our forces simultaneously against Russia, Turkey, Ireland and the peoples of the Middle East.

It is obvious that the creation of these professional armies in Central Europe has put an end to the momentary military impotence of the middle classes. The conditions for successful

revolution are no longer so favourable as they were immediately after the armistice, though the motive of economic misery may be no less powerful. Unless a Russian army were within easy distance of Berlin, it is not easy to-day to conceive even the temporary triumph of an armed German revolution. On the other hand, I find it equally hard to believe in the success for many consecutive weeks or months of a monarchist-militarist *coup d'état*. The experience gained in Herr von Kapp's attempt was illuminating. It was defeated in spite of the weakness of the Coalition Government, and the active or passive support of almost all the armed regular forces, both troops and police, by the workers' general strike and the passive resistance of the Republican bureaucracy. The strike came as the instinctive response of the people to a challenge from the hated Junker class, and was maintained almost without organisation, with an impressive and formidable unanimity. The political strike is a powerful weapon of defence, and probably will avail to break any similar challenge from the capitalist reaction in the future. On the other hand, its defects as an aggressive tactic are equally evident. The moment that a working class ceases merely to

resist, and attempts by the general strike to extort something positive, it is easily outmanœuvred. The pressure of a device, which entails semi-starvation on those who use it, cannot be kept up indefinitely, nor can it be renewed at frequent intervals. When the Kappist conspirators admitted defeat, the Strike Committee sought permanent guarantees from the reinstated Coalition Cabinet. It got them in words. The Junker ringleaders were to be punished. The disloyal troops were to be disbanded. Formations of armed workmen were to be enlisted. The coal-mines were to be Socialised. Not one of these promises has been kept, nor was there even a serious attempt to honour them. The Russian general strike of 1905 led to a similar experience. A Constitution was promised, but the fulfilment made it useless in practice. A general strike may shake a ruling class, but it makes no lasting conquests unless it is backed (as in Petrograd in 1917) by armed force. A strike is a siege which weakens the enemy garrison, but a storming party is required to occupy the fortress.

If the class struggle in Germany is waged only within its own borders, the most probable outcome is perhaps stalemate. Each side may

attempt to use force. Each will find, even if it achieves momentary success, that its triumph is short-lived. Strikes, general or recurrent, would baffle a jack-boot monarchy. A proletarian dictatorship, if it could be proclaimed, and if it could defeat on the battlefield opponents who are made of sounder metal than any Koltchak or Deniken, would still have to overcome the passive resistance of the food producing country-side. That might conceivably be managed, but only if Russia were in a position to help not merely with arms but with grain, which she could both grow and transport.

This hasty reconnaissance of the three roads by which Central Europe might attempt to make a sortie from her misery has led us to a negative conclusion. The forces of revolution and reaction seem to neutralise each other. The middle path will lead nowhere, unless the victorious capitalist States promptly abandon their dream of exploiting the vanquished, and positively foster the industry which they have ruined for their own ends.

CHAPTER V.

The Mandates and the League.

The history of that curious device, the "Mandates," given by the League of Nations to the victors for the government of conquered territories overseas, illustrates at once the strength and the weakness of idealistic movements in the world to-day. The repugnance which all Socialists and some Liberals felt at the thought of waging "a war of liberation" for the usual ends of conquest, had a certain influence upon the Allied Governments. The pressure for a peace based on the Stockholm formulæ was powerful during the dark months of 1917. We knew, moreover, that our acquisitive propensities are not favourably regarded in America. The volume of criticism was strong enough to suggest to our rulers that it might be wise to avoid the appearance of annexation. It was too weak to deter them from the reality. The notion of "Mandates" fitted comfortably enough

into the prevalent ideology of Imperialism. We always do profess to hold the territory which we seize as a "sacred trust." Great care was taken, however, to omit from the Settlement every detail which might have led to an honest interpretation of the idea. The British Labour Party, for example, had proposed that the whole of tropical Africa, and not merely the former German colonies, should be placed under the League of Nations. We hoped in this way to bring the Belgian, the Portuguese, and the French colonies, worse governed by far, from the native standpoint, than the German possessions, under the supervision of the League. This would have ended our own recent policy of monopoly in the tropical vegetable oils, and also the odious French schemes for the military conscription of the natives. It was also a part of our plan that the mandated areas should be subject to searching and continuous inspection by officers of the League. More important, however, even than these details, was our proposal that the League of Nations should be, above all things, an economic structure. We proposed to continue in peace, for the benefit of all the world, the rationing of raw materials which the Allies had improvised during war.

If the coal, the iron, the oil, the cotton, the wool, the phosphates and the grain had been distributed under international control from the first day of the armistice onward, the Continent would have escaped the dearth which seems to-day to doom its civilisation. The League could have governed by dispensing these necessary things, nor would any problem have arisen in regard to the oil of Mosul or the phosphates of Nauru.* They would have been distributed to all who needed them, in proportions fixed by a standing Council of the League. None of these conditions commended themselves to the Allies. The power of a critical opposition disappeared in the hour of triumph, and the "Mandates" served only as a disguise to cover the fact of annexation.

An International Civil Service.

Could disinterested government of backward peoples be attained if these conditions were observed? Where a Civil Service has a high

* The produce of the rich phosphate deposits of Nauru, a former German possession in the Pacific, are to be divided between the British, Australian and New Zealand markets. If any surplus of this invaluable fertiliser remains over, it may be sold to the rest of the world at competitive prices.

tradition of duty and honour, as in British West Africa it certainly has, the thing is not impossible. The scandals of African colonisation have never been due to the spontaneous vices of any Civil Service—British, French or German. They begin only when the interested views of the settler, the planter, the trader and the concessionaire have overborne or corrupted the administrator. The daring idea which the British Labour Party originally put forward (to modify it later), that direct government of tropical Africa might be confided to the League of Nations, has been dismissed much too lightly by the man of the world as Utopian. Short of this solution, there is no final cure for the rivalry of Empires. In no other way can we hope to discard once for all the tradition that a colony is an estate and a possession, which some white nation, or its ruling class, keeps for its own use, to the exclusion of others. It implies, needless to say, a League of Nations which has won an assured position of authority for itself. It might work ill, moreover, unless the League

The oil of Mesopotamia is to be divided, three parts to British and one part to French interests. The mandates for these places were assigned by the Allies to themselves, the terms of the Charter drawn up, and the division of the material resources arranged, without even a pretence of consulting the League.

had its democratic Assembly, in which a vigilant opposition would conduct a probing scrutiny into the doings of its officials. The crux of this problem is really the question whether an International Civil Service can be created. Every national service has a tradition of its own, more or less fixed by temperament, history and education. One is inclined on first thoughts to conceive an International Service as a corps which would necessarily lack traditions or personality or character. Could the men of many nations who formed it contrive to reconcile their many divergent conceptions of conduct, personal rights and the native's status, so as to form a service capable of cohesion, discipline and unity? If one were to amalgamate the existing services in the tropics, and recruit new aspirants at haphazard, the result would certainly be chaos.

The key to this problem is education. There is just one international body in the world which has solved it, and it is the Catholic Church. The Society of Jesus has never in all its many enterprises—educational, missionary, administrative and diplomatic—failed to blend its novices into a solid phalanx. Its failures and errors have never been due to nationalist friction or racial incompatibility. Its success in

blending men of all nationalities has been due to a common system of education. In its schools and colleges it created a Jesuit mind, which, with all its failings and its qualities, superseded what was particularist and provincial in the original national character of its novices. The tale is dim and half-forgotten to-day of the Jesuit Communist State in Paraguay. Few of us could recall any account of it * save in the jesting pages of *Candide*. The balance of evidence is, however, that for a century and a half the Fathers promoted the welfare of a big American-Indian population with a disinterestedness and a success unique in the history of the dealings of white with coloured men. This gentle and intelligent but by no means enterprising population never responded to the European stimulus of profit for individual work. The Jesuits organised it for social labour, and all the wealth of its great plantations was owned in common. With the image of a Saint, with banners and a choir at its head, each village went out in the morning singing to its fields, and singing returned in the evening. Festivals and pageants, always with a religious meaning,

* See the delightful record in *A Vanished Arcadia*, by R. B. Cunningham-Graham.

kept the people gay. They erected churches of a noble architecture, and cultivated classical chamber music. The records show that these Fathers who taught the natives to build up a thriving agricultural life, and gave to all their labours the rhythm of a happy song, were men of all races—Germans, Dutch, Irish and Poles, as well as Spaniards and Italians. This experiment proves, at least, that a common education can create an International Civil Service. That same achievement need not be beyond the capacity of the League of Nations.

The first step would be to create a college or colleges endowed by the League. One might be founded at Cairo for African studies, and another at Constantinople or Damascus for Oriental needs. The teaching staff must itself be international, and should include experienced practical administrators, as well as the ablest linguists, historians, economists and anthropologists drawn from the Universities of all Europe and America. The students would be young men and women of all nations who feel the attraction of this career—Scandinavians, Germans, Americans and Russians, as well as Englishmen and Frenchmen. They would spend some years together in close touch with the native life of Cairo and Damascus.

They might learn their Arabic at the ancient Moslem University of El Azhar, where one may see the faithful of all Africa, black, tawny and white, at their rhythmic prayers. If there were among the professors even a few who had magnetism and imagination, a common mind and a common tradition, based on love for these simple peoples and an ambition of social service, would grow up among the students. It should be understood that the graduates, without regard to nationality, should be drafted to serve in British, French, Belgium or Portuguese colonies and mandated areas, as vacancies arose. At the end of a generation, or less, the process of internationalisation would be completed, and all tropical Africa might be transferred without a wrench or a perceptible disturbance, to the direct Government of the League. From this same college, backward Oriental States, like Persia, might draw the administrative assistance they required.

The Politics of Oil.

Is it childish, in view of the ugly reality, to pursue these Utopian dreams? One wearies of

the negative, cynical attack. It is too easy to demonstrate the crude acquisitive motive at work in Mesopotamia or Nauru. How should we, who loathe Imperialism and believe in the ideal of the League, solve the problem of Mesopotamia and its oil? The instinct which carries the conqueror there is not wholly anti-social. The world needs this source of power and heat and light. Civilisation is going under in Europe for lack of coal, or its substitute, oil. The sparse tribes of half-nomad Arabs and Kurds who live round Mosul can have no right to deny its resources to the rest of mankind. But it is equally clear, if we start from this premise, that the victor who happens to have given himself a "mandate" for this territory has also no right in morals to monopolise the product. It is easy to say that the oil should be assigned on an equitable percentage basis to the various peoples who need it. That principle can hardly be applied, however, unless it be generalised. Only if an International Commission of the League of Nations had the right to control all the exportable surpluses of the world's oil-fields, could a rationing system be applied fairly to the yield of Mesopotamia. As things are, this question has been settled by a rough rule of grab by the

two chief European victors.* Mosul, in point of fact, fell under the Secret Treaties to France. Their neatly coloured maps showed it plainly in the French sphere. It was our troops who acquired it, however, and hold it, and our Foreign Office was able to produce a concession granted by the Turks on the eve of the war. If the French insisted on taking the territory, we should none the less claim the whole of the oil. The result, after hot and angry debates in the French Chamber, is that WE keep the territory and 75 per cent. of the oil. The remaining 25 per cent. goes to France. The needs of the rest of the world were apparently not considered.

So far, however, we have only touched the fringe of this problem of property. The phosphates of Nauru are to be worked as a Government monopoly. There is in the scheme for distributing the yield a bafflingly naive national egoism. But no private interest gains. The British and colonial farmer will get his fertiliser at or about cost price. The same Government which believes in nationalising phosphates, scouts the idea of treating the oil of Mesopotamia on

* There is good reason to believe that we have a secret agreement with France, by which we divide between us, in equal parts, the oil of Roumania.

a similar plan. It will fall to one of the existing syndicates. The tax-payer at home will bear the cost of the big garrison which occupies Mesopotamia. The French revenue will be charged with the cost of the army which secures the pipe-line from Mosul to a Syrian port. The syndicate, relieved from these first charges, will make its profits on the oil. Conquest does not "pay," if one regards it as a national enterprise, but most assuredly it pays from the standpoint of "big business."

If a Labour Government had been in power, it would have found in this question of Mosul the test of its morals and its statesmanship. Its first task would have been to appeal to the intelligence of the people of Mesopotamia, so that the development of the oil-field could have been arranged without a garrison of 80,000 men to enforce it, and without those aeroplane patrols, which scour the desert and drop their bombs when they see a tribe moving below them. It would have wanted much patience and tact. But suppose we could have said with complete honesty: "The profits of this piece of work which we propose to do in Mosul shall all of them remain in the country. Year by year they will constitute a fund which shall be used en-

tirely for your benefit. With them we will build houses to replace your miserable huts. With them we will pay teachers for your children and doctors for your sick. Your fields shall be irrigated. Your flocks and herds and grain shall be raised from improved stocks and seeds. And since life is more than bread and meat, we aim also at something more. We will create in Bagdad, with the profits of this oil, a great Mohammedan University. We will bring back the glories of the Caliphs, and restore the culture and the wealth that made of Bagdad one of the great cities of civilisation. The oil we shall sell at a low price to the whole world that needs it. Our engineers shall receive adequate salaries. But the entire profits of the enterprise, after interest has been paid on the borrowed capital, belong to the people of Mesopotamia. Appoint your Council to watch our work. Name your expert auditors to see that we keep our word to you. But leave us unmolested to do a great work for you, for Islam, for God's glory, and for the whole of civilisation." William Penn, with a much less advanced population, made a success of a much less attractive scheme than this. I cherish the belief that a big man, a man of magnetism and evident honesty, could carry

it through without so much as an aeroplane to back him.

But these are fancies. Our capitalist Imperialism works on other lines. It has seized the oil. The profits will go to a syndicate of financiers. Mosul will be dragooned by air-men and lancers, at the cost of the submissive tax-payer. The world will laugh at our cynicism, and in Bagdad no Arab renaissance will flower again.

CONCLUSION.

If the reader's patience has enabled him to reach the last pages of this gloomy book, his opinion is already formed concerning its main thesis. In its description of the actual conditions of Central and Eastern Europe there is nothing that is new and little that is disputable. Most of the main facts can be verified in our own official publications. Central Europe is but half employed: it is half-starved: its death-rate means the rapid diminution of its population: complete bankruptcy threatens it: with this lapse into a slum existence its culture also must disappear. Poland is in a state appreciably worse, and Russia after the war, the civil war and the blockade, is fast losing the outward appearance of a civilised State. These are facts which no instructed critic will gainsay.

The case, to put it a little more precisely, seems to be that it is especially the urban civilisation of Europe which is threatened. The

peasantry will survive (thinned, indeed, in the East by devastating epidemics) and perpetuate the less advanced, the less cultivated portion of each nation. It is the towns and the industrial populations which are menaced with a rapid decline. The emancipation of the country from its old tributary relation to the town, and the Balkanisation of great parts of Central Europe, with the arrest of internal exchange which has followed it, conspire with the financial clauses of the Versailles Treaty to forbid the hope that the towns can make rapid recovery.

The thesis of this book is that, in this ghastly process, there was nothing accidental. The peace was the expression of the mind of the capitalist classes in Great Britain and France, incarnated by statesmen who won an overwhelming verdict of approval at the polls. It is a case, infinitely more cruel, infinitely more vast than anything in the previous history of the world, which shows, as many cases on a smaller scale have shown, the workings of the competitive motive in Imperialism. Capitalism does not aim at production: it aims at profit. In this settlement it has overreached itself. The profit to certain interests will be immense, but it may also be fleeting. A settlement which has reduced the

productive capacity of the greater part of the Continent to a fraction of what it was, and again might be, will have for its consequence, if it endures, the ruin of Europe and of our common civilisation.

To see the motive is also to be sceptical of a remedy. Some of those responsible may feel that they have gone too far: some may recoil from the more repugnant consequences. To do them justice, those who meant to ruin the German world-trade did not see in a vision the millions of diseased and starving children who would testify to the completeness of the achievement. The motive, however, still works. The strategical mastery must be retained, and that involves Balkanisation. Where we might relax and relent, the French hold us back. The grasping predatory attitude cannot be reversed without risk to the whole structure. Liberals who believe that the League of Nations can begin to work, or that the Treaties can now be revised by general consent, turn a blind eye to the real force which governs the world. This is Capitalist Imperialism. Its excesses might be pruned away by an Asquith or a Caillaux, if ever they return to office, but they would be the last men to give away the power which enables us to extort

economic gain from naval and military mastery. A little more prudent, a little more humane they might perhaps be, but they would surrender none of the advantages which enable the ruling class of a dominant nation to exploit other peoples overseas, by the use of force, for its own particular gain.

We saw this system at work in the world before the war, from India to Morocco. This war has turned it loose upon the Continent, at the expense of peoples of our own race and culture, and the best hope that seems to emerge from it is, perhaps, that Rome may exploit Carthage instead of destroying it. At present it is the cruder alternative that prevails. Capitalism does not, and with its present aims and purposes cannot, provide the food and the fuel which the populations of Europe need. Production for profit instead of use has, by its monstrous evolution into Imperialism, undone the first promise of plenty which lay in the industrial system.

The idealism of the League of Nations, the Christian internationalism of a Cecil, the humanity of a part of our Liberal press, testify to the genuineness of our English civilisation. They seem, none the less, in the light of this wilful

ruin of Europe, a pathetic attempt to build upon an unsound foundation. While the motive of profit rules us, while competition rather than social service is our law, while autocracy for profit in the workshop answers to expansion by force for gain overseas, in a word, while capitalism survives, it is vain to dream of a genuine internationalism. The motive of work must be changed, and with the motive the whole system of production.

It would be unprofitable to speculate further on the question whether Central Europe is destined to pass under the sway of the Moscow International. If Lenin had had 50,000 locomotives at his disposal at any time in this last two years, with coal to run them, his frontier to-day would be the Rhine. It is the doubt whether a blockaded Europe can feed itself which avails to keep Germany, Austria and even Italy within the capitalist system. Transport is the fatal obstacle. This at least is clear, that if Europe and Siberia could be united under one federal system from the Rhine to Lake Baikal, half the phenomena of ruin would disappear with the end of Balkanisation. Frontiers would go down. The provincial egoisms which are starving Vienna would

vanish with the petty nationalism on which they are based. Whatever Siberia or the Ukraine or Hungary had of grain, whatever Westphalia, Silesia and Teschen had of coal, would be distributed, with no regard for local selfishness, to satisfy the general need. Europe craves, above all, this pooling of its resources, which the Allies are too selfish, the League too weak, to impose. If Moscow had railway engines and ships, this one principle of solidarity would alone ensure its victory. It lacks the engines: it has no ships. Its victory depends on chances too uncertain for prediction. The odds, I think, are against it, but one or both of two possible follies might bring it about—the seizure under French pressure of the Ruhr and Silesian coal-fields, or the prolongation with French aid of the Polish war.

Are we then, the reader will ask in a mood of scientific pessimism, to sit idle, watching the agony of great and gifted nations, waiting for the distant day when, by one process or another, the British Empire has become a Socialist State? Long before that transformation has even begun in earnest, the Labour Party may have the majority, or at least the balancing vote in Parliament. What should be, in that

event, the international policy of the Labour Party?

To answer that question by drafting a series of aspirations for the reform and revision of the whole set of Paris Treaties would be at once easy and futile. One cannot conduct foreign policy as one legislates at home. The revision of Treaties requires the consent of the other parties to them, and one need hardly point out that every one of the changes which we should demand would be resisted with all the force of national egoism by one or more of the Allies. Nor would it greatly help us to summon a conference of Governments, in the hope that the general body of disinterested opinion would in each case vote down the resistance of the interested Allies. They would see that danger, and form a Coalition to defend the Treaties in their integrity. They would ask us, moreover, what we proposed to contribute as our sacrifice to the general good. At this point our worst difficulties would begin. The moment that Labour begins to give away anything which looks like an Imperial asset, be it only a bad debt, it will discover that office is not power, and that a majority of the electors would count for little against the resolute opposition of most

of the press, the House of Lords, the Court, the City, the Dominions, and the whole official class. Weakened by this resistance at home, it would have little prospect of dealing successfully with France, who would lead the opposition to revision. The task would demand almost superhuman adroitness and determination, and could be achieved only by an appeal to the opinion of the world's masses, by every device of publicity at home and abroad—in a word, by a miracle of persuasion.

These might be some of the guiding ideas in our policy and tactics :—

1. The first step would be to put an end to the informal Alliance of the Victors. So far as we know, no written alliance exists : if there are secret commitments, they must be disclosed and denounced. In plain words, all the Allies must understand that we take no further responsibility for the enforcement of any of the Treaties, if they on their side refuse to bring them into conformity with humanity and economic reason. The Supreme Council must cease to meet, and military "conversations" come to an end.

2. Our acts of sacrifice should be, if others will reciprocate: (*a*) to cancel all the Allies' debts to us; they are probably bad debts in any case, and they destroy good relations; (*b*) to forgo our part in the German indemnity; (*c*) to offer to share out such prizes of victory as the oil of Mesopotamia and the phosphates of Nauru, according to the world's needs; and (*d*) to give up our unlimited right of blockade and reduce our navy drastically, if France and the United States will join us in accepting and imposing a genuine and impartial scheme of disarmament by land and sea.

These offers will probably fail. America will prefer to retain her isolation, her navy and her absolute sovereignty, and France her militarism.

3. We should next propose that the German indemnity be reduced to a possible and honest figure, and paid, preferably by reparation in kind: (*a*) in labour and materials for the restoration of Northern France, and (*b*) in coal (including the

yield of the Saar) to balance the destruction of the French mines.

If France refuses, as she probably would, to make these concessions, we should withdraw our troops from the Rhine, and wash our hands of the consequences to France.

4. Our positive policy for the restoration of Continental Civilisation should then take the form of the foundation of an Economic League. The League of Nations, as it now exists, is all but useless, if America will accept its Covenant only with reservations which destroy it, while France is avowedly hostile to the whole idea, and Germany and Russia remain outside.

The purpose of this Economic League should be, by the rationing of raw materials and the breaking down of every artificial barrier to exchange, to constitute a vast economic unit, and so undo the mischief of Balkanisation. The intention would be to include the British Empire, Germany, Russia, Italy, and all the former Hapsburg States, and any other State which cares to join. Admission would involve,

on our part and theirs, the abandonment of all nationalist policies of monopoly. It would imply (*a*) the rationing of raw materials, especially coal, grain, oil and fertilisers; (*b*) mutual aid in transport; (*c*) some control of industry, so that, for example, the whole productive capacity of both the British and the German workshops could be mobilised to turn out, for all the members of the League, locomotives, motor-ploughs and other tools*; and (*d*) the distribution of these instruments of production, if necessary on long credit, according to need. (*e*) This would involve an international loan.

The governing idea of this League would be that the urban civilisation of Europe can be saved only by a united effort, and that it is to the interest of us all to stimulate the utmost productivity of Siberian or Ukrainian agriculture. Towards Germany the policy would be not merely to reverse the egoism of the Treaty, but positively to foster every form of production in Central Europe, industrial or agricultural, in order to meet the common need.

How France would react to such a policy it

* While all Europe cries out for agricultural machinery, there are 3000 unemployed in the engineering workshops of Lincoln.

is difficult to foresee. She dreads isolation, and a firm front might impress her, but more probably she would reckon (with much encouragement from the Opposition among ourselves) on the early collapse of the Labour Government and the reversal of its policy. In that case a rivalry would ensue in Europe between her military League and our Economic League. She would try to promote the reaction everywhere, for example, by fostering monarchist clericalism in Bavaria, Austria and Hungary. We should then have to counter her intrigues, for example, by supporting the union of Austria with Germany, in spite of the fact that the Treaty forbids it. The military dangers of such a rivalry are obvious.

"This programme," the reader may say, "is a *reductio ad absurdum*. The somewhat similar proposals in Mr Keynes' book read smoothly enough, because he confined himself to economics. You have introduced also the political and military questions. Do you, frankly, see the Labour Party under its present Parliamentary leaders following a spirited policy of this kind, with the *Times* thundering at them every day, and the exchange sinking?"

I am not sanguine of the success of such a

policy in the hands of either the Labour Party or even of the Labour Party allied with the remnants of Liberalism.

I believe, however, that the British Empire, under firm leadership, could even at this late hour, by the adoption of such a policy, save Europe, force the revision of the Treaties, restore the productivity of the Continent, and bring back the glories of its civilisation. If it, as a solid unit, were known to be resolved on this course, it has the strength to carry it through single-handed, and that without the smallest risk of war.

I have spoken of "sacrifices." The word is deceptive. Some momentary renunciation there might be. In the end, when after two or three years of intensive effort the grain ships filed again through the Turkish Straits from Odessa, and a continuous procession of trains carried the harvests and the dairy produce of Siberia to the West, as the grass ceased to grow on the quays of Hamburg, and Vienna sang again at its work, we should laugh at the suggestion of sacrifice. Plenty would return, and with falling prices, wages would gain in value. Under a great leader, who had the whole Empire with him, we could bring back the reality of peace

to the world. It would demand audacity, will, imagination. It could not be carried through, unless we were ready, after first cleansing our own hands of greedy gains, to face French militarism and circumvent it. It might end not merely in the economic restoration of Europe, but in the reconstruction of the League of Nations on a surer basis, with the conscious soul of mutual aid for the breath of its life.

So far I have faith. What I doubt is whether any party, whatever its majority, be it Labour, Liberalism, or both together, can ever hope to wield the power of the British Empire for any human end, which seems on a narrow view to conflict with the interests of our capitalist governing class.

Let us, none the less, make the experiment with all the resolution and all the contriving intelligence we possess. Nothing in domestic politics touches the importance of this issue, whether the civilisation of Europe shall be destroyed by Capitalist Imperialism. Let us seek all the Allies we can discover, be they Liberal or Tory. One does not play at party games when millions of one's fellows are perishing before one's eyes. The chance may come too late as the years lengthen out. It

may find us too weak, when at length it arrives. It may come only to demonstrate that the power of wealth in a Parliamentary democracy can frustrate the good-will of the many. In that event, the question of this book will be answered. The sentence will be written, that by its greed of profits, by its militarism and imperialism, Capitalism has evolved on suicidal lines, that it cannot produce the goods which mankind demands, or feed the populations of Europe. That sentence will be cast in one of two forms. It may ring out as the rallying cry of a revolution. It may stand upon the tombstone of a defeated civilisation.

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Mr. Lansbury, whose sincerity and honesty no just-minded person would question, went to Russia for the express purpose of seeing for himself to what extent the first great experiment in practical socialism has been justified by its results.

This book is a record of his impressions. In his introduction the author summarizes the general spirit prevalent in Soviet Russia. He then goes on to deal in turn with the system of workshop control, the Trade Unions and the attitude of the workers to the so-called "industrial conscription" he describes the conditions of Public Health, the favoured treatment shown to the children and the absence of religious persecution; gives accounts of his interviews with Lenin and Madame Lenin, Krassin, Kropotkin, Lunacharsky and others and of his visit to the British prisoners; and discusses such questions as the system of justice, food control, education and the position of the co-operative movement.

No one, of course, could have learnt everything about the present state of Russia in the course of a few weeks; but no man living was better qualified to investigate and to set forth the facts than the author of this book. Mr. Lansbury may be trusted to have observed accurately and to have written truthfully.

NATIONALISATION OF THE MINES, by *Frank Hodges* (Sec. of the Miners' Federation). *Second Impression.*

An analysis of the industrial, commercial and economic position of the coal-mining industry.

The methods, achievements, successes and failures of private enterprise are set forth, and the conclusion is reached that the zenith of prosperity under the existing system was reached in 1913 and that from then onwards the industry has tended to become a burden instead of a benefit to the public.

The arguments for and against the Nationalisation of Coal are analysed and a scheme for the financial transfer and compensation is given in detail. The position of the technical, commercial and manual workers under National Ownership is explained and stress is laid on that important but often neglected factor, the psychology of the workers themselves.

The book, written by an expert, is on broad and logical rather than on narrow and partisan lines.

THE NEW LIBERALISM, by *The Right Hon. C. F. G. Masterman.*

In "The New Liberalism," Mr. Masterman examines the application of Liberal principles to the problems which have arisen in the world after the war, especially in connection with reforms demanded by the changes in social conditions at home. He shows how the two guiding principles of Liberalism in practical affairs, the warfare for liberty and the warfare against poverty, are finding their expression in an actual programme, necessarily in some respects, different from, but developed out of the Liberal programme that was being preached in pre-war days. He deals also with some of the practical questions of political parties, including the relations between the Liberal and Labour parties, and the possible changes that can be foreseen in the immediate future, in a world still disturbed by the great catastrophe.

THE POLICY OF THE LABOUR PARTY, by *J. Ramsay Macdonald.*

This book explains to the general reader the origin, composition and objects of the Labour Party, which is shown to be not merely the organization of a class to secure political

power, but an inevitable result of the political evolution of the country. Further, its programme is proved to be not a class programme but a national one in the fullest sense of the term, and its claim to represent workers by brain as well as those by hand, is justified. Its aspect as an intellectual movement is also dealt with.

The book is an authoritative pronouncement on the policy of the Labour Party in the future, written by one who was responsible for the party in its early years, who won for it its first successes, and who has been a member of its Executive from the beginning.

NATIONAL FINANCE AND THE LABOUR PARTY, by *Philip Snowden.*

Of all the serious problems which have been left by the war, none is more grave and urgent than the economic and financial position of Great Britain and other European countries. The writer of this volume is an acknowledged expert on Finance, and in this book he deals with national expenditure, the public debt, direct and indirect taxation, the national wealth, its distribution, and the possibilities and methods of further taxation for the reduction of the debt and the financing of social reconstruction. Proposals are discussed for the reduction of the burden of interest upon public loans, the nationalisation of banking, and the imposition of a levy on capital.

LAND NATIONALISATION, by *A. Emil Davies, L.C.C.*, and *Dorothy Evans* (formerly Organizer, Land Nationalisation Society).

In the past the importance of the land problem has been neglected, but now the changed conditions brought about by the war call for increased production at home. This book shows that the present system of land ownership impedes production on every hand and stands in the way of almost every vital reform.

The authors contend that no solution of the serious problems that confront the community can be found until the nation itself becomes the ground landlord of the country in which it lives. They put forward a scheme for nationalisation complete in financial and administrative details, providing for the participation of various sections of the community in the management of the land.

PUBLIC OWNERSHIP AND CONTROL OF THE LIQUOR TRADE, by *Arthur Greenwood* (Vice-President of the Workers' Educational Association).

This book is a statement of the case for the public ownership and control of the liquor traffic. It deals first with the development of the drink industry and the efforts which have been made to regulate it, and then with the measures adopted during the war period, including the Carlisle experiment in public ownership. Upon the history of the past and the experience of the present, the author builds up the economic and moral arguments in favour of State purchase and public control. The question of the price to be paid is fully discussed, and a scheme of public ownership is outlined. The book contains a large amount of information regarding the present position of the drink trade, and presents a weighty case for the comprehensive handling of the liquor traffic in the national interest.

THE NEW LABOUR OUTLOOK, by *Robert Williams* (Sec. of the Transport Workers' Federation).

The theme of this book is the new orientation of the aims of international Labour. The author deals with the acute world-need for increased output, and maintains that the workers will consent to produce more only if and when they have assured themselves that by so doing they will immediately improve their economic status and ultimately establish a new social order.

A separate chapter dealing with the collapse of the Second and the development of the Third or Moscow International indicates the connection between the present political crises in many countries and the economic class-struggle which is now proceeding.

The author has a wide and varied experience of proletarian conditions, and has drawn largely upon facts within his own personal knowledge for the material of the book.

DIRECT ACTION, by *William Mellor* (Industrial Editor to *The Daily Herald*).

In this book the author gives the philosophic reasons which justify the use of "Direct Action." He argues that the order of society prevalent in every country where the capitalist method of production obtains, is one that excludes the great mass of the inhabitants from any effective share in the control of their own lives. The salient fact of civilization to-day is the Class Struggle.

The book is a challenge to the ordinarily accepted views on Democracy, and forms a general indictment, not only of the present system of production, but of the methods adopted by constitutional Labour Movements to inaugurate "The New Era." The author faces and considers dispassionately all the applications of the theory of the Class Struggle—the strike, whether general or partial, the boycott, sympathetic action, sabotage, and, above all, the urgent question of the relation of industrial to political action.

A NEW ARISTOCRACY OF COMRADESHIP, by *William Paine* (author of "Shop Slavery and Emancipation").

Mr. Paine is an idealist and this book is the exposition of a great ideal—that of comradeship—which he believes is spreading from man to man and from nation to nation. He recognises as its conscious agents those who are enrolled under the banners of Socialism and kindred faiths, but here he is more concerned with the *unconscious* agent "who is called to an adventure which he does not understand."

The book explains what that adventure is; and then, for the interpretation of the new spirit, pleads for the creation of a provisional body of teachers who "should not be the outcome of any one class, since no class as it exists to-day is good enough to assume the leadership; it should be composed of the real aristocrats of every class whose chief concern should be with the rising generation."

GUILD SOCIALISM (RE-STATED), by *G. D. H. Cole, M.A.*

Guild Socialism has been the subject of a number of books during the last few years, and already the earlier of these books are to some extent out of date. The Guild idea has been expanding and developing rapidly during the last few years under the impetus of the Russian Revolution and of the new industrial and social situation everywhere created by the war. In this book Mr. Cole attempts to re-state the fundamental principles and the practical policy of Guild Socialists in the light of these developments. He deals with the social and economic theories on which Guild Socialism is based, with the structure and working of a Guild Society and with the next steps towards Guild Socialism, both in industry and in Society as a whole. The book does not claim to be definitive; but it will certainly provoke discussion.

AFTER THE PEACE, by *H. N. Brailsford.*

The author attempts to survey the condition of Europe as the war, the blockade, and the Peace Treaties have left it. He discusses the various ways in which a sick continent may attempt to find an escape from the doom that threatens it — by social revolution, by militarist reaction, by the voluntary revision of the Treaties. He emphasises the clash of interest between country and town, which is the chief barrier against revolution, and studies the new conditions, especially the coal shortage, which make it unlikely that Europe can ever again feed its former population in conditions compatible with a civilized standard of life. The sabotage by the Allies of the League of Nations is discussed, and a policy considered by which a Labour Government, if it can control foreign policy, might repair the ruin accomplished at Versailles.

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